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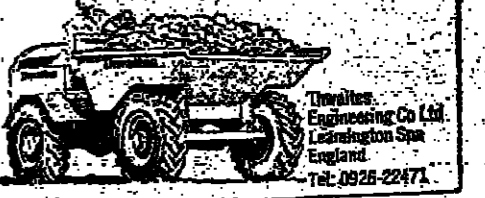
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FINANCIAL TIMES

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Monday October 10 1977 * 12p

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NEWS SUMMARY

GENERAL
Provos murder UDR clerk

The Provisional IRA claimed responsibility for the murder in Co. Armagh of 24-year-old Private Margaret Anne Hearst, a part-time clerk who worked for the Ulster Defence Regiment.

Private Hearst was shot in bed in a caravan in the grounds of her parents' cottage at Tynan, near Middletown, where she lived with her three-year-old daughter, two grandsons, who later fled across the border into the Irish Republic, fired at a partition behind which the child was screaming.

Three Appeal Court judges will move to the Old Bailey today for security reasons to hear an appeal against conviction by three Irishmen and a London woman jailed for life in 1975 for the Guildford and Woolwich public house murder bombings. Other Ulster news, page 3.

Cosmonauts set for rendezvous

The Soviet Union launched a two-man Soyuz 25 mission to join the Salyut-6 orbiting station, probably within two days. Mission Commander Vladimir Kovalyov and Flight Engineer Valery Ryumin blasted off just after dawn from the same launching pad in Central Asia as the first Sputnik 20 years ago. Unconfirmed reports suggest that the cosmonauts may take a space walk.

E. Berlin clash

Some 600 East Berlin youths shouted: "Russians, get out!" in clashes with police when eight people were trapped after falling into a ventilation shaft during celebrations marking East Germany's 25th anniversary.

A wee dram

Only a few pubs—mainly in the Strirling area—were open when for the first time in 100 years Scottish bars were allowed to serve drinks to Sunday customers. Many pubs were shut because of a dispute over Sunday pay with the Transport and General Workers' Union while some licensing Boards will not hear applications until later this month.

Basque killers

ETA, the militant Basque movement dedicated to total independence of its homeland from Spain, has claimed responsibility for Saturday's assassination in Guernica of Sr Augusto Ucar, the Vizcaya provincial governor, and his two Civil Guard escorts. Page 4.

Bank error

The Mellon Bank of Pittsburgh has filed a criminal complaint in Manila against a Filipino couple to whom it transferred \$1m, most of which has been withdrawn. It should have paid them \$1,000, but made a clerical error.

Britons blamed

Amid speculation that Mr. Malcolm Fraser, Australia's Prime Minister, may call a general election before the end of the year, the National Country Party has renewed attacks on British shop stewards and Communist union leaders for the current spate of strikes. Page 4.

Schoolboys' duel

A 14-year-old public schoolboy was "satisfactorily" in hospital after receiving stomach wounds, said to have been caused by a sharp implement, in a duel over a girl. His rival, a fellow boarder at St. Joseph's College, Ipswich, has been interviewed by police.

Briefly . . .

Pope Paul canonised Lebanon's first saint, Father Charbel Makhlouf, who died in 1898.

Turki: The River Po is close to bursting its banks as the flood toll in N.W. Italy reached 14 dead.

Jordan claimed that Iraq had hanged a Jordanian student.

Motor-racing: Jody Scheckter, South Africa, won the Canadian Grand Prix in a Ford.

BUSINESS
Move to give small concerns tax aid

TAX CHANGES to help small businesses—possibly to be introduced in next spring's budget—will be recommended soon by Mr. Harold Lever, Chancellor of the Duchy of Lancaster. Mr. Lever, who has been asked by the Prime Minister to investigate the problems of small businesses, will make the recommendation in the first part of a two-stage report.

Mr. Lever to-day starts an intensive round of meetings with industrialists, civil servants and other experts to try to produce some rapid solutions to be contained in the first-stage report. There will then be a longer inquiry stretching well into next year. Back Page.

LOANS to small businesses guaranteed by the Government to encourage private investment, according to the Association of Independent Businesses in a submission to be made to the Wilson committee on City finance. Page 8.

CHANCELLOR, Mr. Denis Healey, will deliver an optimistic report on Britain's economic opportunities at a meeting of the National Economic Development Council to-day. But he will also warn that the future depends on an increase in investment and restraint on pay. Page 7.

Japanese car makers split over U.K. sales

SHARP CONFLICT has arisen among Japanese car makers about how to share out their U.K. sales under their voluntary restraint agreement. Toyota has become restless at the curbs placed on its ambitions to challenge Daimler and the Swift companies want the larger coupes to give them more scope. Back Page.

LUCAS INDUSTRIES, which has been conducting a strong marketing campaign in Japan, is making efforts to convince the Japanese that labour troubles will not prevent it from meeting orders for motor components. Page 5.

FORD Cortina regained its position as the best-selling car in Britain last month, followed by the Ford Escort and Leyland's Marina. Page 6.

ITALIAN Government has dropped plans to make a big cut in Government spending through curbing pension pay-outs, and will try to agree an alternative spending cuts to meet IMF requirements. Back Page.

Investment boost urged for plastics

U.K. PLASTICS industry must commit itself soon to big new investments, if it is to stand a chance of wiping out its sizeable trade deficit with the rest of the EEC, according to a report prepared for the National Economic Development Office. The report is likely to cause great controversy in the industry. Back Page.

DISPUTE at the British Sugar Corporation could lead to a sugar shortage next year, according to a union official. Unions representing process workers, some of whom are refusing to take in the beet harvest, have walked out of talks on productivity scheme and will discuss a proposal to widen a work-to-rule. Back Page.

IMPORT CONTROLS are not the way to deal with Britain's economic problems, says a Fabian Society pamphlet. The author, Vincent Cable, says subsidies to help industry adapt might be better than tariffs or quotas. Page 7.

ARCHITECTS' incomes rose by only about 6 per cent in the year to last June, while price inflation was nearly 18 per cent, according to the Royal Institute of British Architects. Page 7.

World steel war warning over 'rush to protectionism'

BY ROY HODSON: ROME, Oct. 9

A trade war in steel is threatened by the rush to protectionism in the face of the growing world steel crisis, representatives of the major steel manufacturers were told here to-day.

The warning, the most serious yet in the course of the European steel companies' current difficulties, came from Vicomte Davignon, the EEC Commissioner for Industry. He delivered it to an audience which included the heads of nearly all the biggest Japanese, American and European steel companies at a private lunch before the start of the annual conference of the International Iron and Steel Institute, which embraces most of the major steel manufacturers outside the Communist bloc.

His words were directed primarily against U.S. manufacturers, which have filed anti-dumping suits against some importers and are planning counter-vailing suits, alleging unfair Government subsidies, are also planned. The British Steel Corporation is among importers likely to be named.

"I do not believe you can solve your problems by closing your markets," Vicomte Davignon said to-day. "For you to believe that you can alleviate a crisis by closing your market is wrong. You will simply create a trade war."

He was worried about all the Community's steel industries. But after three years of deepening crisis, he detected a recognition that steel men were accepting the need for international solutions.

The American companies will base their anti-dumping suits against European companies, including British Steel, and

Japanese manufacturers, on the basis that steel imports into the U.S. have jumped this year by more than 150m. tons and that nearly one-fifth of U.S. requirements of 110m. tonnes a year are being supplied by imports.

British Steel expects to export 750,000 tonnes of steel worth more than £150m. to the U.S. market this year.

BSC has been concentrating on export sales to offset poor home demand for steel, and has built up the American market to 20 per cent of its total exports.

European steel makers, including BSC, are maintaining exports to the U.S. at a value of more than £1bn. a year. Japanese exports to the U.S. are running at about the same level.

Full report

Among U.S. manufacturers involved in the complaints is the National Steel Corporation of Pittsburgh, whose chairman, Mr. George A. Stinson, is the institute's visiting president. When he returns to America next week he will find waiting for him a full report on alleged dumping by British Steel, other EEC steel makers, and Japanese producers.

Mr. Stinson said to-day: "Our general impression is that steel is being sold in the U.S. at less than average costs of production in Europe and Japan."

Other American steel companies are said to be near the point of taking action against imports by filing charges.

The American steel companies are said to be considering a counter-vailing suit being considered by National Steel

Hostile EEC reception for Owen

By Guy de Jonquieres, Common Market Correspondent

VILLERS-LE-TEMPLE, Oct. 9. THE BRITISH Government found itself at the centre of a new EEC row this week-end when a number of its Common Market partners expressed strong criticism and concern at the recent proposals put forward by Mr. James Callaghan, for reforms aimed at turning the Community into a more loosely-knit body.

Dr. David Owen, the Foreign Secretary, who was on his way to talks in Moscow, faced anxious and sometimes hostile questioning during an informal meeting of Foreign Ministers of the Nine, at Villers-Le-Temple, near Brussels, on his EEC counterparts' pressing him for clarification of the Government's long-term intentions towards the Community.

A particularly tough attitude was taken by Herr Hans-Dietrich Genscher of West Germany. He demanded to know whether the Government planned to translate into policy the proposals contained in the report on EEC membership drawn up by the National Executive committee of the Labour Party and approved by last week's party conference.

Herr Genscher was understood to have remarked, with deliberate sarcasm, that it was "very nice" of Britain to have decided to stay in the Common Market. But he impressed on Dr. Owen that Bonn envisaged the future development of the Community along lines quite different from those suggested by Mr. Callaghan in his letter to the NEC.

The West German Government was keen to see further integration in the EEC and was not prepared to abandon the ultimate objective of European union. He believed that the admission of new members like Greece, Portugal and Spain should strengthen the Community—not weaken it as Mr. Callaghan appeared to want.

Dr. Owen is believed to have had little to add about the Government's plans for its EEC policies, though he was clearly angered that word of the other Ministers' criticisms had leaked out while the supposedly private talks were going on here. At the end of the meeting he avoided waiting journalists and walked straight to an official helicopter.

Mr. Roy Jenkins, President of the EEC Commission, attended the meeting but is said not to have joined in the discussion of the Callaghan proposals. But he is undoubtedly gratified to have seen the aim of further European integration, which he has pledged himself to promote, defended so staunchly by Herr Genscher and others.

Much of this week-end's discussions focused on how the EEC should adapt to the prospect of enlargement.

Lombard, Page 2
Editorial comment, Page 14

PAY PROBLEM FOR MINISTERS

£2,000 may be urged for State chiefs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PAY RISES ranging up to more than £2,000 a year are likely to be recommended later this year for chairmen of nationalised industries and other top paid public servants by the Boyle Review Body on Top Salaries.

A report is now being prepared for the Government on the rises by the review body interpreting the present pay policy of a 10 per cent overall limit for rises in earnings. Its proposals are likely to raise serious political problems for the Government.

On the one hand Ministers will be worried about the impact of the size of the rises on other groups of workers' attitudes to wage restraint. But at the same time the Government will come under pressure to allow the rises to be paid, especially in the nationalised industries where pay restraint in recent years has caused serious anomalies and hindered the recruitment of top personnel.

Applying the 10 per cent earnings limit direct to all the 1,630 people affected would produce rises ranging up to £2,500 but it seems unlikely that Lord Boyle, the chairman of the review body, and his colleagues will decide to allocate the money in such a way.

They seem more likely to take up the point made in the Government's July White Paper on pay restraint about sorting out the worst anomalies among those involved. They may also taper the rises off at the top so that the lower paid—a deputy chairman of an area electricity board, for example, earns only about £8,500 a year—receive a higher percentage rise than, say, the chairman of the British Steel Corporation who is now on £30,000.

The anniversary of any pay rises is January, so the review body is likely to complete its report within the next two months. It has already received submissions from those involved.

Delayed

But any Government decision may be left till next year because the main trade union-negotiated civil servants' pay rises are not due until April.

Some 120 chairmen and Board members of nationalised industries missed out on substantial pay rises awarded in 1976 to other 1,500 members of the higher Civil Service, armed forces and judiciary following the last Boyle report.

The Government refused to implement the nationalised in-

Tory conference to focus on economic strategy

BY PHILIP RAWSTORNE

THE CONSERVATIVE Party conference will be focused this week on the party's economic strategy—particularly the Eshn. programme of cuts in direct taxes—in a bid to rally electoral support.

Party leaders, responding to Labour's improved prospects and the approaching general election, intend to spotlight their tax-cutting policies in key debates on the economy and industry which dominate the two opening days.

At the same time, attempts will be made during the first day's debate in Blackpool to narrow a serious rift between industrial relations policy.

Sir Geoffrey Howe, the party's economic spokesman, will be given the key role of presenting the party's new taxation strategy on Wednesday.

Its main feature, published at the weekend, is the "emergency package" of income-tax reductions.

The party's document, *The Right Approach to the Economy*, says: "We shall reduce the basic rate of income-tax. We shall raise the thresholds. We shall widen the higher tax bands. We shall reduce the higher rates."

The programme could amount to more than £1bn. and would be paid for by further reductions in public spending and possibly higher indirect taxes.

There is still some concern, however, that party differences over industrial relations could mar the Tory image.

Sir Keith Joseph and Mr. James Prior, whose contrasting reactions to the Grunwick dispute sparked the party row over industrial relations policy, both put their signature to a restatement of policy at the week-end.

This firmly support Mr. Prior's co-operative approach while retaining a back-up commitment to legal action against the closed shop if necessary.

The Conservative Party is examining whether to bring an anti-dumping suit against European steelmakers including British Steel.

In search of the missing boom. Page 14

Allowed

The 1974 Boyle recommendations would have given increases ranging up to a £16,500 rise on £23,100 a year to £40,000 for the chairman of the Post Office, while several other chairmen would have gone up from £23,100 to £35,000.

While none of this money was paid, the Government did allow the first half of similar rises to go ahead for other groups that, for example, the salaries of most Whitehall permanent secretaries went up from £16,250 to £18,675 and that of a field marshal from £16,350 to £19,675.

But the second stage of the recommendations for these other groups, giving more rises of up to around £3,000 in January, is still being considered by the chairman of an area electricity board, for example, earns only about £8,500 a year—receive a higher percentage rise than, say, the chairman of the British Steel Corporation who is now on £30,000.

The anniversary of any pay rises is January, so the review body is likely to complete its report within the next two months. It has already received submissions from those involved.

Thus, there are two main areas to take into account—the people in the nationalised industries who have had, virtually nothing since 1974, and the senior civil servants, armed forces officers and judges who lost the second half of their rises.

Last month, the Commons Expenditure Committee suggested in a report on the Civil Service that permanent secretaries did not earn enough. It pointed out that their £18,675 salary was considerably less than the £23,000 in January earned in 1976 by chief executives of companies with between 5,000 and 50,000 employees.

"Like other people, top civil servants should be paid the rate for the job and the Top Salaries Review Body should compare them with top executives in other organisations to determine what this is. It should not cut down on the levels it believes fair but leave that to governments to do if they feel it necessary," said the committee.

Doubts over nuclear reactor's export potential for U.K.

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S.-designed pressurised water reactor has little or no export potential for Britain during the 1980s, according to a confidential report by the National Nuclear Corporation. Britain's reactor-making consortium.

This is in sharp contrast to the case made publicly by the corporation to try to convince the Government that, in addition to building more advanced gas-cooled reactors (AGRs), the pressurised water reactor should be built under licence for its export potential.

The Government is believed to be close to making a decision on reactor choice, although it is still awaiting the conclusions of the electricity supply industry, which has been analysing the report.

The failure to make a convincing case for pressurised water reactors (PWRs), exports in clear from the main body of the thermal reactor assessment, a report whose full contents have been kept secret on grounds of commercial confidentiality although a summary was published in the summer.

The full National Nuclear Corporation report, as submitted to the Department of Energy late in July, the corporation had "ac-

cepted no advantages in the AGR system which are so certain that they would justify the rejection of the opportunities for export which the PWR has and the AGR has not."

But the report prepared by the Nuclear Power Company, the design and construction arm of the corporation, is pessimistic about exports.

It states bluntly that, because of curbs in domestic requirements from the main reactor exporters, there will be surplus PWR capacity and severe competition throughout the world.

The report says that, altogether, its total export expectation in the 1980s "could lie between zero and two reactors per year."

It concludes that Britain's best chance of exporting reactors would lie with countries sharing the same language or where it has an established supply position or where political or commercial factors predisposed the market to Britain's favour.

The report does not comment on the possibility that new curbs on the exporting of nuclear technology contemplated by the American Government include the possibility that it should re-

Continued on Back Page

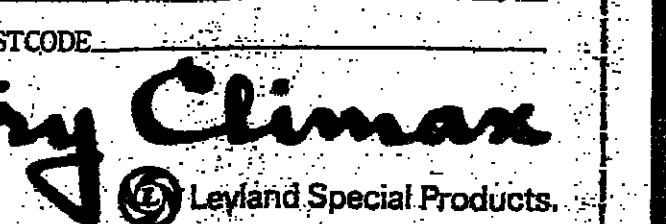
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LOMBARD

Pursuit of the EMU

BY GUY de JONQUIERES

THE CEMETERY of disappointed ideas for advancing European integration is packed with crosses marking the demise of successive proposals for creating an economic and monetary union...

Some virtue

Bonn could perhaps see some virtue in a common currency scheme which would stabilise the D-Mark and preserve German export competitiveness.

THE WEEK IN THE COURTS

Pointless to change the label

BY JUSTINIAN

TO-DAY the House of Lords (doubtless impervious to its threatened demise at the hands of a future Labour administration) will be considering the vexed question of accountability for tax deducted from interest payments.

Twelve years ago, the House of Lords decided by a majority that interest attributed to capital involved payment to the Revenue of tax deducted from the interest payments.

Last December, Mr. Justice Templeman followed the earlier decision, but by the leap-frogging device, which allows litigants in limited cases to bypass the Court of Appeal, the challenge is being renewed.

Deliberate

This deliberate decision to attribute part of the interest to capital and not to the debit of the profit and loss account was the sole foundation of the Revenue's case for claiming the tax.

Norwich teamwork tells

UNLIKE SOME of his colleagues, John Bond, the outspoken and often controversial Norwich manager, is not solely interested in the acquisition of points.

The match positively bubbled with effort, excitement and entertainment. It was fun to watch and good to play.

As it was, having none further ahead after the interval through a second goal from Peters, they allowed the visitors to come back into the game, reduce their arrears and go close to snatching an equaliser they did not deserve.

Soccer

BY TREVOR BAILEY

forever coming to the assistance of a colleague in trouble or running into an unmarked space. Though the unfortunate Gibbins failed to finish effectively, he never stopped trying.

Gloucestershire pack decisive

DEVON DUMBOUNDED everyone in the first ten minutes of their match against Gloucestershire by winning virtually all the possession, both in the line-out, thanks to Scott and Ackford, and in the rucks and mauls.

Gloucestershire are seasoned campaigners and after their defence had got down to their traditional forward play and if you please, throwing in some tentative three-quarter movements.

Forest flattery

NOTTINGHAM FOREST stay League leaders in their performance in drawing 0-0 at West Ham suggested they lacked the full roundness of certain formidable Lancashire sides, and that their present position is a temporary phenomenon.

Mr. Brian Clough has produced a team of zest, discipline, and power although, on Saturday, most of the latter quality was displayed in defence, for West Ham goalkeeper Day was not overworked.

Rugby Union

BY PETER ROBBINS

Gloucester finally won 20-6 and paradoxically it was Filder's departure that helped to bring them back into the game. His replacement, Turton, a tall, splendidly character, out-jumped everybody and was well supported by Burton and Rollitt, both in the role of sweeper.

Tielsa sails fifth into Cape Town

DIRK Nauta and his crew of 1 sailed the 63 foot Dutch ketch Tielsa into Cape Town this morning.

Yachting

BY ALEC BELBY

On corrected time, although the position may well be short-lived as several other yachts are racing below the Dutch yachts.

Racing

BY DOMINIC WIGAN

Stakes' closest victim, Lucant. However, Aloft, a stablemate to the apparently almost unmanageable Durial, has clearly come on a good deal since obliging in modest company at Maisons-Laffitte in mid-July.

Rain brings surprises

WITH PROLONGED spells of heavy rain during Friday night and Saturday morning having changed the Ascot going from good to extremely holding, it came as no surprise when four of the races threw up unexpected results.

Rain brings surprises

ALTHOUGH the 20 to 1 chance, Aloft (over 46 to 1 on the tote and 7 to 1 for a place), won the Group Three Princess Royal Stakes strictly on merit—ploughing with great determination to wear down Royal Hive and Lucant, the joint favourites—would not care to set too much store by the form on anything but heavy ground.

Rain brings surprises

For Aloft, an aptly named filly, being by High Top out of Over the Water, had previously shown nothing to suggest that she is in the same class as the Prix Vermeille runner-up, Royal Hive, or Balmerino's Valdoe

6.50 Are You Being Served? 7.20 The Rockford Files. 8.10 Panorama. 9.00 News. 9.25 The Monday Film: 'False Witness' starring George Kennedy.

F.T. CROSSWORD PUZZLE No. 3488
1 Express thanks in silent change (6)
4 Safe from defeat at the last of course (5, 3)
9 Field event gives the record to America (8)
10 Hand out punishment when litter is found about the street (8)

ACROSS
1 Express thanks in silent change (6)
4 Safe from defeat at the last of course (5, 3)
9 Field event gives the record to America (8)
10 Hand out punishment when litter is found about the street (8)
12 A course of study for big races (8)
13 Transparent fabrication unpopular with the golfer (3, 3)
15 Beating sounds average (4)
16 Arrest the collapse—and no nonsense! (4, 3, 3)
19 Not inclined to be honest (2, 3, 5)
20 Cards which cannot be returned in court (4)
23 'He drank a pint of English' (Chatterton) (6)
25 Hasty ire can result in emotional disturbance (8)
27 Wrecked—the company is absent (3)
28 Playwright good for a Roman emperor (8)
29 Equality got at in the diocese is dismissed (8)
30 Girl gets a setback in the French town (6)

6.50 Are You Being Served? 7.20 The Rockford Files. 8.10 Panorama. 9.00 News. 9.25 The Monday Film: 'False Witness' starring George Kennedy.

LONDON
9.20 a.m. Schools Programmes. 12.00 Chortton and the Wheelies. 12.10 a.m. History House. 12.30 The Flintstones. 1.00 News plus FT Index. 1.20 Help! 1.30 Farmhouse Kitchen. 2.00 After Noon. 2.25 R.I.C. Brand. 2.50 Westside Medical. 4.20 Clubboard. 4.45 Raven. 5.15 News. 6.40 Thames At 6. 6.45 Opportunity Knocks. 7.30 Coronation Street. 8.00 The Uplink Line. 8.30 World In Action. 9.00 Van Der Valk. 10.00 Appointment With Fear: 'The Haunted Palace'.

RADIO 1 247m
6.00 a.m. News Summary. 6.30 VHF 15th with the Early Show. 6.40 a.m. News Summary. 6.50 Terry Wogan 6.55 including 6.57 Racing Bulletin. 6.58 Pause for Thought. 7.00 a.m. News. 7.10 a.m. News. 7.15 a.m. News. 7.20 a.m. News. 7.25 a.m. News. 7.30 a.m. News. 7.35 a.m. News. 7.40 a.m. News. 7.45 a.m. News. 7.50 a.m. News. 7.55 a.m. News. 8.00 a.m. News. 8.05 a.m. News. 8.10 a.m. News. 8.15 a.m. News. 8.20 a.m. News. 8.25 a.m. News. 8.30 a.m. News. 8.35 a.m. News. 8.40 a.m. News. 8.45 a.m. News. 8.50 a.m. News. 8.55 a.m. News. 9.00 a.m. News. 9.05 a.m. News. 9.10 a.m. News. 9.15 a.m. News. 9.20 a.m. News. 9.25 a.m. News. 9.30 a.m. News. 9.35 a.m. News. 9.40 a.m. News. 9.45 a.m. News. 9.50 a.m. News. 9.55 a.m. News. 10.00 a.m. News. 10.05 a.m. News. 10.10 a.m. News. 10.15 a.m. News. 10.20 a.m. News. 10.25 a.m. News. 10.30 a.m. News. 10.35 a.m. News. 10.40 a.m. News. 10.45 a.m. News. 10.50 a.m. News. 10.55 a.m. News. 11.00 a.m. News. 11.05 a.m. News. 11.10 a.m. News. 11.15 a.m. News. 11.20 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Don Carlos by MAX LOPPERT

The Don Carlos revival is very grandly cast. In five of the six leading roles, beautiful voices address themselves to the music with a combination of Verdian power and Verdi grace not encountered on this stage for some while.



Grace Bumbury and Ann Murray

It is too soon to proclaim in José Carreras to-day's leading Carlos: when he has developed a wider range of facial and physical movement and conquered his present reliance on his handsome, handsome, handsome.

Berlin Festival (West)

Cardillac by ELIZABETH FORBES

Trends of the Twenties, the life of the spendid, of the art council of Europe Exhibition in view this autumn in West Berlin—and which was reviewed in this page by William Packer—extends far beyond the confines of purely visual art and forms the theme of many musical and dramatic events in this year's Festival.

by Achim Freyer, emphasises the grotesque, theatrical aspect of the minor characters. Everyone but Cardillac is made up in white-face, with exaggerated features.

St. Patrick's, Soho Square

High Mass by NICHOLAS KENYON

One of the prevailing fallacies of recent years, which is expressed each time the subject of the effect of the Second Vatican Council on the Catholic Church is discussed in the correspondence columns of the latitudes, is that of the church's liturgy has deprived worshippers of even hearing the great music of the past which was composed for that liturgy.

Yesterday afternoon brought the Elizabeth Hall debut of Tamas Veszmas, appearing in the South Bank Piano Recital Series. His programme—serious, rather short and devoid of fireworks—suggested a pianist presenting a determinedly low profile, and so he proved.

Festival Hall

Segovia by NICHOLAS KENYON

Andrés Segovia has been giving concerts for nearly seventy years: no need to mention on what instrument he has single-handedly brought about the revival as a serious force in music during this century, and inspired a host of composers to write or arrange music for it; he is completely identified with his chosen medium of expression.

With the seven Fantasias op. 116 of Brahms a recognisable musical personality came into view: introspective, lyrical, still reminiscent. If a couple of the Capriccios in the set are big-boned pieces than Veszmas apparently had the power to establish he had at least the right controlled vehemence for them; and the intense sincerity

Anthony d'Offay/Marlborough Fine Art

Henderson/Pasmore by WILLIAM PACKER

Reputation is a curious thing, and above all else perversely unpredictable, certainly no less so in the visual arts than in any other field of activity.



Nigel Henderson: Face at the Window II (1977)

Twenty years ago Nigel Henderson withdrew from the London art world that he had helped to enliven, to take over the school teaching. He was not forgotten entirely, but decent obscurity soon veiled what he had done.

The Entertainment Guide is on Page 6

alignances across various disciplines, between sculptor, engineer, photographer, architect and chemist. Those early days were the great days of the I.C.A., when artists felt it necessary to be active in its affairs.

Before the war Henderson had been closely in touch with Surrealism, and was particularly interested in collage; and indeed he remains a surrealist of sorts. The plot is complex and characteristic of his time.

distinguishing qualities were his refined sensibility, his delicacy of touch and the nicely of his judgment. The work could be resolved and held by what seemed like a pin-prick, the finest, subtlest of adjustments.

Citizens, Glasgow

Vautrin by B. A. YOUNG

Balzac's Vautrin—an authentic play, not an adaptation from the novels—is a fine, gaudy melodrama, and Robert David MacDonald's treatment of it, both in translation and production, has the right balance of respect and reserve.

Elizabeth Hall

Tamas Veszmas by DAVID MURRAY

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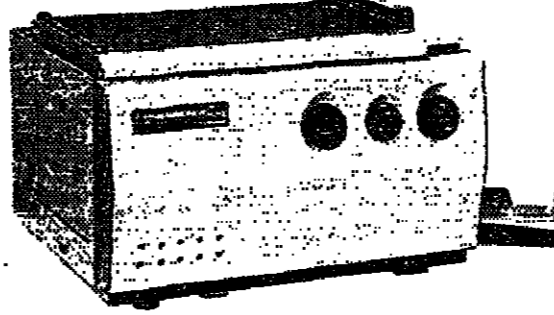
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OVERSEAS NEWS

Mrs. Gandhi faces fresh arrest warrant

By K. K. Sharma NEW DELHI, Oct. 9. INDIA'S Central Bureau of Investigation has taken out a fresh arrest warrant against Mrs. Indira Gandhi, the former Prime Minister, and this is expected to be executed soon.

This has been announced by the Home Minister, Mr. Charan Singh, who said the arrest of Mrs. Gandhi last week was on the basis of one of two charges and she could be arrested "at any time" on the other.

ETA claims it killed Basque provincial chief

BY DIANA SMITH MADRID, Oct. 9. ETA (Basque Land of Liberty), the militant separatist Basque movement dedicated to total independence of the Basque country, has now claimed responsibility for Saturday's assassination in Guernica of the Vizcaya provincial governor, Sr. Augusto Urceta, and his two Civil Guard escorts.

Soviet aim in Belgrade clearer

BY REGINALD DALE SOVIET tactics over the coming weeks of the 35-nation security Belgrade Conference will be to isolate the U.S. from the West on human rights. This impression, already conveyed by the low-key Soviet speech at last week's opening session, was strengthened by remarks to journalists here at the week-end by Mr. Yuri Vorontsov, the chief Soviet delegate.

Australian power strike peace hopes

BY KENNETH RANDALL MR. DICK HAMER, the Premier of Victoria, said tonight that he had high hopes of a settlement to-morrow in the nine-week-old strike of power station maintenance workers, which has crippled the State's industry and transport.

Concorde could face NYC noise obstacle

By Stewart Fleming NEW YORK, Oct. 9. IN A move which could create new obstacles to the landing of Concorde at New York's Kennedy airport, the Port Authority of New York and New Jersey yesterday rushed out proposed new noise standards for the airports it controls.

Soviet aim in Belgrade clearer

BELGRADE, Oct. 9. The British statement was particularly mild and has been welcomed for its "moderation" by East bloc officials.

Australian power strike peace hopes

CANBERRA, Oct. 9. NEW HEIGHTS at the week-end with all the major political parties gearing up for an announcement from the Prime Minister, Mr. Malcolm Fraser.

THE ANTARCTIC TREATY MEETING

Mineral search restraints

BY PAUL CHEESBRIGHT THE 13 Antarctic Treaty powers, in a meeting in London which ended over the weekend, have agreed to preserve the unique environment of the southern continent by agreeing on interim measures to restrict the fishing of krill and by accepting restraints on mineral exploration in the area.

Dayan and Fahmi point up unbridged Geneva gap

WASHINGTON, Oct. 9. BY DAVID BELL THE FOREIGN Ministers of Israel and Egypt, appearing separately on American television to-day, made it clear that the gap between them on the key question of Palestinian representation at a new Geneva peace conference has yet to be bridged.

Bonn silence on Schleyer letter appeal

By Adrian Dickson BONN, Oct. 9. THE West German government refused all comment today over the letter from Dr. Björn Schleyer, the industrialist kidnapped five weeks ago, it was published in French newspapers on Saturday as part of an apparent attempt by his captors to increase their pressure for a settlement.

'I want a health insurance scheme for my staff that doesn't cost a fortune, is protected from inflation, gives them all the hospital cover they're likely to need and it must be run by the country's most experienced organisation.'



Handwritten text or signature at the bottom of the page.

WORLD TRADE NEWS

South Africa 'evading curbs' on steel by sales through Israel

BY OUR OWN CORRESPONDENT A MEMBER of a visiting Israeli trade mission has disclosed that South African steel exporters are finding a way around EEC import restrictions by routing a sizeable portion of their exports via Israel.

Iron and Steel Corporation (ISCOR). The fabricated metal is then sold to Israeli companies which process it into a variety of products, such as electronic equipment, household goods and solar heating units. These articles are then shipped to EEC and U.S. markets as Israeli-made products.

Contracts Aveling-Barford expansion

International, the recently formed exporting arm of the Leyland Special Products construction equipment division, is to spend more than £1.2m. on new facilities to strengthen and develop its operations in Australia, Canada, the Middle East and South-East Asia.

Recession hits hard in Austria

BY PAUL LENDVAI, IN VIENNA FACED with a record trade deficit and a drain on the still comfortable but rapidly dwindling reserves, Austria's Socialist Government has decided to introduce what is somewhat misleadingly called a luxury tax on cars and a wide range of consumer goods.

Bosphorus bridge tender

BY DAVID TONGE ISTANBUL, Oct. 9. TENDERS FOR the construction of the second Bosphorus bridge will be issued by March 1978, according to the Istanbul Director of the Highways Department, G. Ridvan Dedeoglu.

Indian alumina deal

BY OUR OWN CORRESPONDENT NEW DELHI, Oct. 9. A MAJOR deal between India and Iran envisages the supply by the Indian Aluminium Company of 140,000 tonnes of alumina for expanding output at Iran's alumina smelter at Arak.

Much of the investment is being spent by Aveling-Barford Australia Pty. Some £750,000 has been allocated for a new headquarters and a 43,000-square-foot factory at Revesby, Sydney.

Lucas reassures Japanese

BY TERRY DODSWORTH LUCAS INDUSTRIES, the Midlands components group which has been conducting an aggressive sales campaign in Japan, is now faced with the embarrassing prospect of convincing the Japanese of its ability to supply following its damaging 11-week toolmakers' strike.

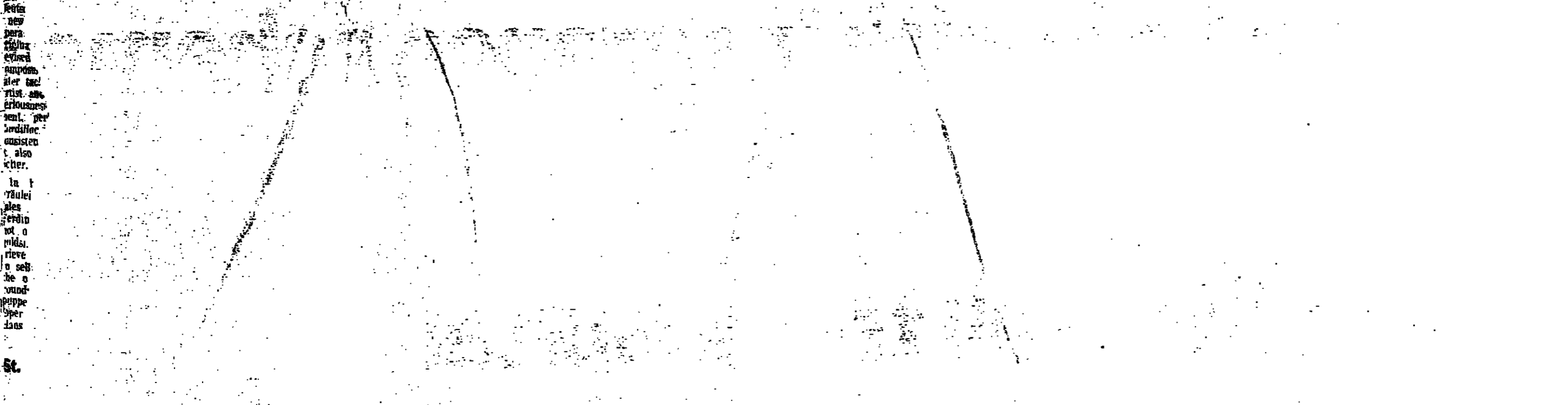
U.S. market share increased

The dominance of Japanese manufacturers in the U.S. market for imported cars is again illustrated by the detailed figures for the first nine months of the year.

World Economic Indicators

Table with columns for Country, Exports, Imports, Balance, and dates (Aug 77, July 77, June 77, Aug 76). Rows include W. Germany, U.K., France, Holland, Italy, Japan, U.S., and Belgium.

A series of discussions with Metalexport of Warsaw and their clients, Poland's Urus tractor organisation, has resulted in agreements for Giddings and Lewis-Fraser to supply to the Urus factory, machine tools totalling £318,500 in value.



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CompanyCare A NEW BUPA SCHEME

HOME NEWS

Coal Board to import anthracite this year

£5m. grant for drop forging

BY JOHN LLOYD AND JAN HARGREAVES

THE NATIONAL Coal Board expects to import about 230,000 tons of anthracite this winter... The Board has announced the formation of a new body, British Coal International...

By Peter Cartwright

THE TREASURY has announced a £5m. grant scheme for investment in the drop forging industry... The scheme will be administered through the Department of Industry...

Cortina regains its place as Britain's top selling car

BY IAN HARGREAVES

THE FORD Cortina regained its position as the best-selling car in Britain last month... The Ford Capri rose above its Japanese rivals to take sixth place with 3,974 sales...

U.K. CAR REGISTRATIONS

Table with 6 columns: Car Model, 1977, 1976, 1977, 1976. Rows include British Leyland, Ford, Vauxhall, Chrysler, Total British, Total imports, Grand total.

High foreign car sales 'not unexpected'

By Stuart Alexander

THE RECENT success of foreign car importers in taking over 50 per cent of the U.K. market is neither sudden nor unexpected...

Chrysler improves Spacevan

CHRYSLER HAS announced a £3,031, diesel or petrol new version of its Dodge Spacevan... The improvements include a notably passenger seat with reclining back seat...

Tip on cutting petrol costs

BRITISH motorists could save teams tested cars in the Common up to 3p a gallon on petrol costs... Better maintenance would cut city centres cleaner and healthier...

Fishermen worried

Victoria station, London, and the tracks serving it are to be improved by a £4m. seven-year scheme which begins this week...

British fishermen

represented by the Scottish Fishermen's Federation and the British Fishing Federation... Mr. Callaghan, Prime Minister for an urgent meeting over possible revision of Common Market fisheries policy...

Victoria station

Victoria station, London, and the tracks serving it are to be improved by a £4m. seven-year scheme which begins this week...

London's Dazzling New Store



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ENTERTAINMENT GUIDE

Entertainment Guide listing theatres and opera/ballet performances. Includes sections for Opera & Ballet, Theatres, and various theatre listings with showtimes and prices.

Victoria Street, London SW1. Tel. 01-834 1234. Open Mon, Wed, Thurs, Sat 9.30-5.30, Tues 9.30-5.30, Fri 9-7. How to get there: Underground to Victoria or St. James's Park. Buses: 10, 11, 24, 39, 149, 503, 507.

Handwritten signature 'John Lloyd' at the bottom of the page.

Optimistic Healey sees NEDC

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

OPTIMISTIC report on the opportunities for Britain's economy will be delivered this morning by Mr. Denis Healey, Chancellor of the Exchequer, to a meeting of the Executive Committee of the National Economic Development Council.

Mr. Healey will also warn that the future depends on industrialists and unions playing their part by increasing investment and restraining pay rises. This will be the first NEDC

meeting since July. In the past few months the annual Trades Union Congress has backed the Government's 12-month rule, the International Monetary Fund conference has boosted international confidence in the British economy, and Labour leaders in the past week have come under pressure at their party's annual conference for a more radical strategy for the future.

Mr. Healey's statement will open the way for a possibly wide-ranging debate, involving the industrialists and union leaders on the council, about the economy.

The meeting will then discuss a National Economic Development Office paper which points out that, although there is spare capacity in the economy at present, future developments depend on the Government's industrial strategy providing both the right sort of skilled manpower and

Statistics likely to show reduction in inflation

BY MICHAEL BLANDEN

IMPORTANT batch of economic statistics is due to be published this week as Mr. Denis Healey considers the amount of inflation he should inject in the corrected economic package.

The figures will show the latest trends in the degree of inflation and the growth of the domestic money supply as well as the external position of the U.K. They also provide the first indication of movement in the money supply last month after the money market had been boosted by a record amount of official reserves to a record level.

Price trends will be illustrated by when the wholesale price index for last month will give an advanced pointer to the other expected easing of inflation.

In August these figures con-

firmed that the turning point in inflation had arrived with a slow-down in industry's output prices and a fall in raw material costs in the fourth month running.

The retail price figures for August confirmed this turnaround and last week an even more optimistic view was given by the Price Commission, with figures indicating an underlying inflation rate already well under 10 per cent.

The September retail price index on Friday is expected to show further signs of improvement.

The less encouraging aspects of the U.K. economy will also be illustrated on Thursday with publication of the August index of industrial production.

So far this has been reflecting the continued domestic recession, with industrial output in the period from May to July

running 1.3 per cent. lower than in the previous three months and a half per cent. down on a year earlier.

Britain's external position, however, has continued to be strong and on Friday the September trade figures will be studied closely after the exceptional improvement to a record current account surplus of £316m. in the previous month.

Figures from the banks due on Wednesday may provide an indication of the expected upturn in the money supply after the exceptionally low growth figures recorded previously.

They will also illustrate the pressures on the big U.K. clearing banks, which early this week are expected to consider a cut in their 7 per cent. base rate for lending after last Friday's drop in the Bank of England's Minimum Lending Rate from 8 to 5.5 per cent.

Controls no answer, Fabians say

IMPORT CONTROLS are not the means with which to fight Britain's economic problems, a Fabian Society pamphlet published at the week-end argues.

It opposes any form of protectionist trade policy and suggests that industrial support in the face of foreign competition should be cautiously given, regularly reviewed, and subject to close investigation.

Mr. Vincent Cable, its author, says controls often produce worse effects than the problems they are meant to solve. Some British and European politicians, which criticise the effects of the Common Agricultural Policy, are eager to apply the same principles to areas of manufacturing.

It might be better to ease industry through change rather than protect in the traditional sense. Subsidies might be better than tariffs or quotas.

"Subsidies are less absolutely protectionist and, being costly to governments rather than to an amorphous mass of consumers, may be easier to control."

Protection could be traded off for a measure of public ownership. That would ensure accountability.

Import Controls: the Case Against. By Vincent Cable, Fabian Research Series 33. Fabian Society, 11, Dornchurch Street, London SW1H 9BN, 77p.

Community membership defended

STRONG defence of Britain's renewed membership of the European Community has been mounted by Mr. Frank Dolling, director general manager of Relays Bank International.

In the latest issue of the Relays Bank Briefing, he says that there were major facilities to be overcome, requiring close political and economic co-operation among the EEC members.

But he says: "In our view, it is prepared to play a positive and constructive role. European Community will enable us to cope effectively with these issues, ensuring a steady growth in our society."

He cites a number of reasons for the bank's support for the EEC. First, the bank believed in the removal of barriers to international commerce, trade and industry. Second, it had "an interest in stability" and was convinced that the EEC had been a significant factor in avoiding the past few years' the catastrophic national policies of the inter-war period.

Quest for productivity deals attacked

THE U.K. quest for productivity deals is wrong, according to an Association of British Chambers of Commerce report published today.

It calls for a move to cost reduction agreements. The tax system should also be reformed and the trade union movement must undergo a marked change of heart.

All these changes are necessary to reverse the U.K.'s economic and political decline, says Mr. Bruce Sutherland, author of *Productivity: A Wrong Attitude of Mind*.

Arguing that Britain's pursuit of productivity has led only to a steady rise in production costs, falling wages, and a devalued pound since the war, Mr. Sutherland recalls his experiences with U.S. companies.

"Everywhere I asked companies about productivity. Everywhere I was told that their objectives were not productivity but cost reduction.

The burden of taxation must also be shifted away from high marginal rates, so that nobody who earned an extra pound should have to pay more than half his extra pay to the Government.

Mr. Sutherland attacks the trade unions for failing their members. Their traditional policies had resulted in lower living standards for their members, and higher ones for those in the U.K. compared with their American counterparts.

Productivity: A Wrong Attitude of Mind. Association of British Chambers of Commerce, 6-14, Dean Farrar Street, London, S.W.1. Copies available on request.

Architects' incomes rise by average of 6%

ARCHITECTS' incomes rose by an average of 6 per cent. during the year to the end of June, says a survey by the Royal Institute of British Architects.

RIBA says that the rise was "illusory" since the retail price index rose by nearly 18 per cent.

The survey published to-day says earnings in private practice, especially those of partners went up by more than public sector earnings. Private sector earnings rose by between 9 and 16 per cent.

By contrast the public sector

Police union chief is warned

MR. JIM JARDINE, Police Federation chairman, says he has received a "watch it" warning from senior officers over what he says is the battle to secure more money for his members.

In what he described as a "friendly warning," he was told that he could find himself in breach of Section 53 of the 1964 Education Act which covers causing, attempting to cause or doing any act calculated to cause dissatisfaction among the police force.

"It has made me stop and think about what I say in public, especially since I have taken legal advice," said Mr. Jardine.

TUC talks on priorities for stimulating economy

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC LEADERS will this week discuss their list of priorities for the economic stimulus half-proposed for this autumn, and for next Spring's Budget.

The meeting with the Chancellor has yet been arranged, but the possibility of a session soon after Wednesday's meeting of the TUC economic committee is not ruled out.

Demands for a combination of tax cuts and a revival of public spending are expected to form the core of Wednesday's discussions. The Chancellor made it fairly clear last week during the Labour Party conference that cuts in direct taxation are likely. These the Government see as the best way of assuring union militancy on wages and of preserving the 10 per cent. earnings increase target to which it has committed itself.

On the public expenditure side,

another boost for the construction industry is widely expected. The tax cut that most interests the TUC, however, is the idea of a reduced rate band to help lift whole sections of the low-paid workforce out of the "poverty trap." This idea will again be on the agenda on Wednesday, and could well get strong backing from union leaders like Mr. Jack Jones of the Transport Workers and Lord Allen of the Shop-workers, who were particularly dismayed that it failed to get into the last Budget.

The chances of that idea being picked up by the Chancellor now look much better. There is little doubt that a promise to investigate the possibilities would help establish the "climate" which the TUC says is the only way the Government will secure a moderate level of wage settlements.

This year's TUC economic review proposed two options for a reduced rate band. One, a 30 per cent. band on the first £750 of taxable income, at a cost then of £870m.; the other a 25 per cent. band on the first £500 at a cost of £1,160m. The former would have yielded up to 72p a week more, the latter up to 96p.

The TUC asked for the reduced band to be coupled with higher tax allowances.

Further progress on the TUC's industrial democracy policy, as revised by this year's Congress may also be made this week. It is by no means certain however, that the Government will put forward legislative proposals for the next session because of the political difficulties posed by the Lib-Lab pact and lack of parliamentary time.

Most companies agree to 10%

By Our Industrial Staff

ONLY 10 per cent. of companies in the South East have concluded agreements above the Government's 10 per cent. wage increase guidelines, says the London Chamber of Commerce.

Most of them have agreed to wage increases of around 15 to 16 per cent says the chamber's survey of 600 companies. One Hampshire engineering company, employing 200 people, settled for a 22 per cent. rise.

The chamber says most of its members in London and the South East are "willing to acquiesce in the Government's sanctions policy as long as it is applied equally to public and private sectors."

It adds, however, that any relaxation in the interpretation of Government policy, at Ford or at the National Coal Board would undermine the low level agreements so far reached.

The chamber's members believe there is strong evidence that the British economy will recover "in its own good time," provided there is no premature Government stimulus.

Some companies in the South East note a growing shortage of skilled machine operators, tool setters and electronic design engineers, says the survey.

Curbing inflation is regarded by South East companies as the "major economic priority." But even if that is achieved it would be rash to reflate the economy until the pattern of wage settlements becomes clearer.

ACAS accepts claims

BY OUR LABOUR STAFF

THE ADVISORY Conciliation and Arbitration Service yesterday recommended that union recognition should be granted to the Transport and General Workers at a small Skegness Locks manufacturer despite a strike by some shop-floor workers.

In its report on a recognition claim by the union at Sanderson Foundry of Skegness, ACAS says it has given "careful consideration" to whether its recommendation should be changed because of the strike.

In May this year 43 out of the 100 shop floor workers went on strike over a colleague who was dismissed, but ACAS points out that its survey of employee opinion was carried out in April.

The TGWU was also recommended for recognition by ACAS yesterday at the Leeds company Autogem (U.K.). The Association of Scientific, Technical and Managerial Staffs was recommended by ACAS to represent foremen at Holo-Krome Ltd. of Dundee.

NALGO calls for Hounslow Hospital inquiry

By Our Labour Staff

CALLS FOR a Government inquiry into the "forced evacuation" of old patients from Hounslow Hospital, London, on Thursday evening have come from the National and Local Government Officers Association and the South-East region of the TUC.

Mr. Geoffrey Drain, NALGO's general secretary, said yesterday he was "absolutely furious" when he heard of the incident. He described it as the most disgraceful incident in the history of the NHS.

The patients were moved while staff were "working in" protest at the area health authority's decision to close the hospital as a result of public expenditure cuts.

Ferries halted by day strike

A 24-HOUR strike by ship's officers hit passenger services from Harwich to the Hook of Holland yesterday. The strike, over pay rates, halted sailings of the British Rail passenger ferries, St. Edmund and St. George.

Sailings are expected to resume normally to-day, according to British Rail.

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Argentina, Australia, Austria, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Colombia, Ecuador, France, Greece, Hong Kong, Indonesia, Iran, Italy, Jamaica, Japan, Kenya, Korea, Lebanon, Luxembourg, Malaysia, Mexico, Morocco, The Netherlands, Pakistan, Peru, The Philippines, Singapore, Spain, Switzerland, Taiwan, Thailand, United Kingdom, Venezuela, West Germany.

Tories want a switch from direct to indirect taxes

ON THE EVE of their annual conference, the Conservatives have presented their own grand design for putting Britain's economy back on its feet. The proposals seek a large shift from direct to indirect taxation, increased emphasis on monetary policy, and a firm but fair line towards the trades unions.

By RUPERT CORNWELL, Lobby Staff
They then reiterate the oft-proclaimed Tory goal of a smaller share of total output going to the public sector, although this would be achieved without "savagely and indiscriminate" cuts across the board.

The authors call for reform of the present collective bargaining procedures, and pin great hopes on the forthcoming Advisory Conciliation and Arbitration Service's Code of Practice as a source of guidance on key points, including negotiating methods and the procedure for introducing agreements.

The authors repeat their commitment to a property-owning democracy, and set out in favour of profit-sharing schemes in industry. Above all, they urge wholesale simplification of the present tax structure, with a gradual switch to tax credits, and an end to "nit-picking" by the authorities.

On employment laws, and above all the closed shop which has split the Conservatives, the document tips round the issue, stressing only the points on which the party is agreed.

The document therefore sets out a number of safeguards, notably that a closed shop agreement should be decided by a majority of all the workforce involved, and by secret ballot, and that those unfairly dismissed for refusing to join should be eligible for compensation from their employer.

Prentice ready to serve in a Thatcher Cabinet

BY PHILIP RAWSTORNE
MR. REG PRENTICE, the former Labour Cabinet Minister who switched to the Conservatives at the week-end, said yesterday that he would be ready to serve in a future Tory Cabinet.

Walden, the former Labour MP, said that he was already having serious doubts about the direction the party was taking at the 1974 General Election.

Companies call for State-backed loans

BY LYNTON McLAINE, INDUSTRIAL STAFF
LOANS TO small businesses should be guaranteed by the Government to encourage private investment in independent companies says the Association of Independent Businesses.

Peace folk bar politics

By Our Belfast Correspondent
THE PEACE Movement in Northern Ireland has strongly rejected any thoughts of entering party politics.

Ulster Unionists' devolution offer

BY OUR BELFAST CORRESPONDENT
ULSTER UNIONISTS confirmed at their annual conference this week-end that they were prepared to enter fresh talks on the basis of future political structures must have widespread support in both communities and the Ulsterist plan for majority rule drawn up in the Northern Constitutional Convention last year, was unacceptable.

A FINANCIAL TIMES SURVEY CONSTRUCTION PLANT AND EQUIPMENT

OCTOBER 31 1977
The Financial Times is planning to publish a survey on Construction Plant and Equipment. The main headings of the proposed editorial synopsis are set out below.

Lack of jail training deplored

BY CHRISTOPHER DUNN
PRISONERS' jobs are useful training for jobs after they leave jail, according to the APEX (Advancing the Prospects of Employment for Ex-Offenders) Trust annual report, out today, which deplores the lack of any systematic Government schemes, especially since employers are more willing to take on ex-prisoners.

Peace folk bar politics

By Our Belfast Correspondent
THE PEACE Movement in Northern Ireland has strongly rejected any thoughts of entering party politics.

Businessman's Diary

Table listing various trade fairs and exhibitions such as U.K. Trade Fairs and Exhibitions, Overseas Trade Fairs and Exhibitions, and Business and Management Conferences.

Lord Aldington heads Westland Aircraft

Lord Aldington has become chairman of WESTLAND AIRCRAFT, the new aircraft manufacturing subsidiary of Cable and Wireless, which has taken up his appointment in Rome as managing director of Eurotech Italia SpA.

APPOINTMENTS

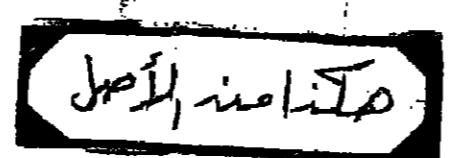
Mr. L. F. C. Tarrant has been appointed deputy managing director of BRITISH AIRWAYS INTERNATIONAL. Mr. R. B. M. Fawcett has been appointed managing director of EUROTECH ITALIA S.P.A.

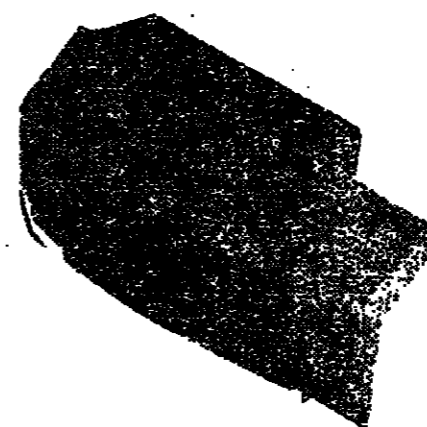
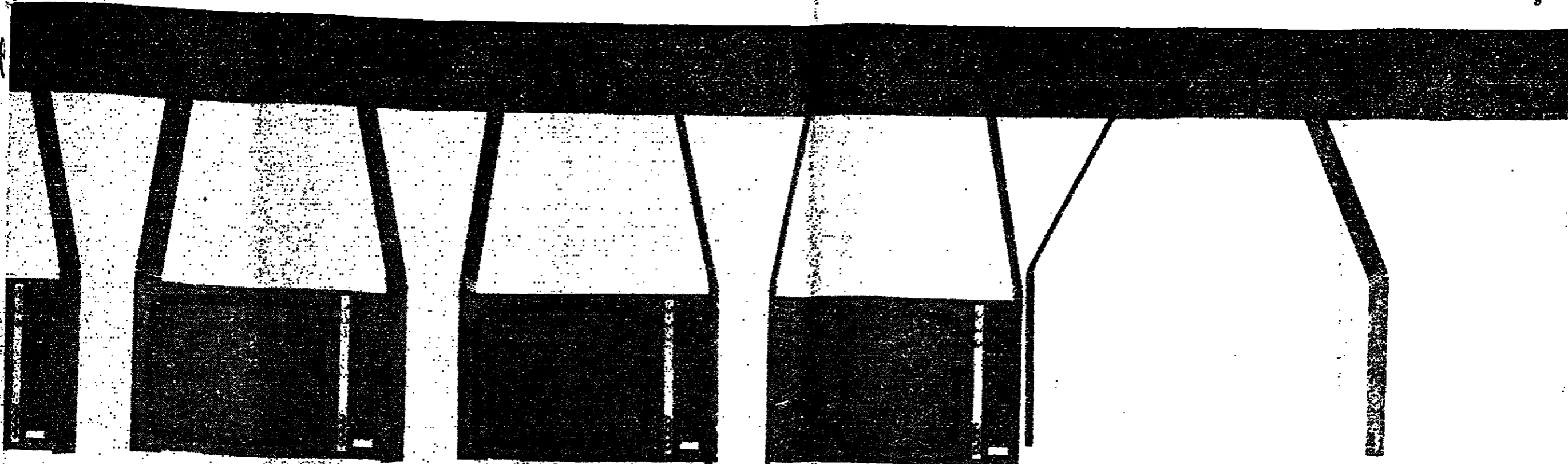
IMPROVE YOUR BUSINESS

ADDRESS IN MAYFAIR
For a small weekly fee list and print our address, telephone and telex numbers on our stationery, advertisements, etc. Office accommodation, business and secretarial services also available by the hour, day or week.

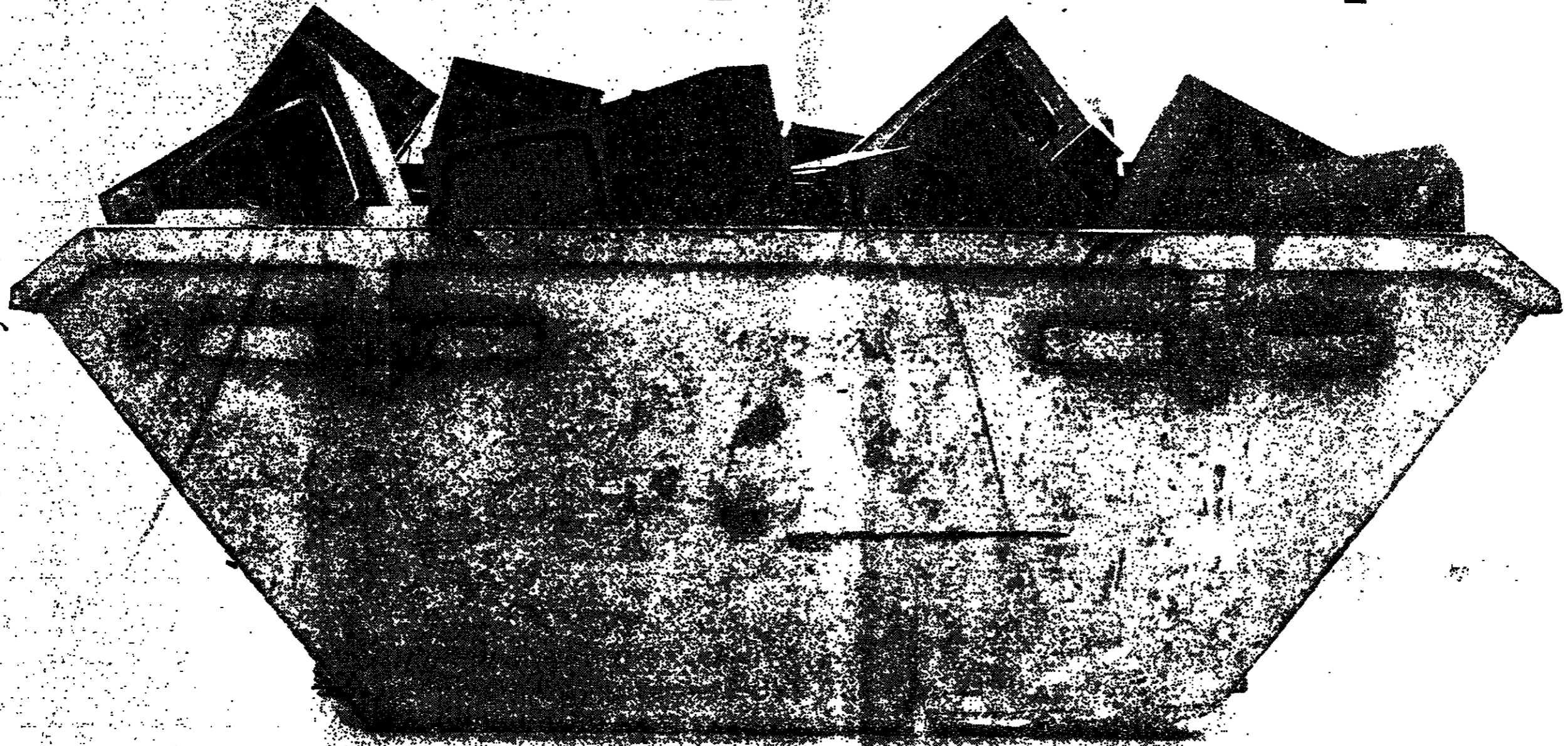
TELEX £30 P.A.

Telex-Phone sharing service
* 20 telexlines mean clear lines, sending and receiving
* Personal attention 9 a.m. - 9 p.m., three answer-phones
* Charges on a per word basis means no surprises!
* File copies & Translations





Instead of throwing money away on wasted energy, why don't you scrap all tomorrow's output?



Go on, don't sit there thinking about all your difficult deadlines, your crippling production costs, your carefully eked-out profit margins. Be destructive.

We've got to be kidding? OK, but what about the money you're wantonly chucking away on energy bills?

Most small to medium size companies in Britain are wasting between 10% and 15% all the time without even realising it. On heating, lighting and power.

Which means that if your fuel bills are £10,000 per annum, that's £1,500 wasted. If they're as high as £1 million, that waste could be £150,000.

Right, how can you stop it? First, call our Energy Quick Advice Service. It's a Freefone service to answer immediate questions on non-domestic energy problems. It applies to England, Scotland and Wales only and there are three different numbers. Dial 100

and ask for Freefone 3140 for buildings queries. For production and transport it's Freefone 6222 in England and Wales, and Freefone 8305 in Scotland.

Second, use the coupon to send off for our wide range of energy saving technical booklets. They're free and cover many aspects of industrial energy loss.

But most important, use the coupon to arrange for an Energy Survey. We'll send you a list of independent consultants. The one you choose will spend one day on your premises evaluating your specific areas of energy wastage. It'll cost you a modest fee, up to £60 of it now being paid by us.

And when your consultant's report comes in, it should give you a detailed breakdown of your major energy losses. In one recent report, for instance, it was found that the mid-morning electricity peak demand in one factory wasn't due to a new

milling machine, but to the profusion of office kettles.

In any event, with the money you can save, next year's production could reach an all time high.

To: Department of Energy, Free Publications, P.O. Box 702, London SW20 8SZ.

ENERGY SURVEY SCHEME: Leaflet and list of Consultants
FUEL EFFICIENCY BOOKLETS: (Tick the ones you need.)

- | | |
|--|--|
| 1. Energy audits <input type="checkbox"/> | 6. Flash steam and vapour recovery <input type="checkbox"/> |
| 2. The sensible use of latent heat <input type="checkbox"/> | 7. Degree days <input type="checkbox"/> |
| 3. Utilisation of steam for process and heating <input type="checkbox"/> | 8. The economic thickness of insulation for hot pipes <input type="checkbox"/> |
| 4. Compressed air and energy use <input type="checkbox"/> | 9. How to make the best use of condensate <input type="checkbox"/> |
| 5. Steam costs and fuel savings <input type="checkbox"/> | 10. Controls and energy savings <input type="checkbox"/> |

Name _____
Company _____
Address _____
Position _____



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMMUNICATIONS

Signals on fibres guide trains

RAIL AUTHORITY representatives from all over Europe will see a revolutionary development in transport communications when they visit Wilmshurst, Cheshire, on October 12.

They will be shown an optical fibre digital transmission system, supplied by Telephone Cables of Dagenham (a GEC company) and GEC Telecommunications and GEC Research Centres. In which 30 simultaneous telephone channels are transmitted over 6 km of optical fibre without the use of repeaters.

Delegates from Sweden, West Germany, East Germany, Poland, Czechoslovakia, Austria, France, Italy, Hungary and the U.K. will be attending a meeting of the High Speed Data Transmission Committee of the Office of Research and Experimentation, Utrecht, ORE, is associated with the Union Internationale des Chemins de Fer, Paris.

While recognising the importance of the Post Office market for optical fibre communication, Telephone Cables, GEC Telecommunications and GEC Research Centres have been looking at its other applications. Talks with British Rail led to the installation of an optical cable and associated terminal equipment. The optical cable was installed alongside the main fibre to Manchester line at Wilmshurst by a normal B.R. cable installation team and it is expected to be in wide use.

environments typically encountered on the railway. The potential of such optical systems is now being evaluated by the British Rail research and development centre.

Optical fibre communication systems possess several features which make them particularly useful in electrified railway networks. In conventional systems employing copper cables there is always the possibility the information can be corrupted by electromagnetic interference. However, optical transmission over fibres is immune from interference and so the use of optical fibre communication systems can lead to considerable simplifications alongside electrified lines. Although no more vandal-proof than existing copper cables, the optical fibre cable is much less attractive to thieves since its scrap value is negligible.

Dr. Steven Cundy, head of the optical communication group at the High Speed Research Centre has said the "low losses of optical fibre cables make optical communication an attractive proposition for all long-distance communication systems because the number of repeaters required are considerably reduced. Customers in both the public and private sectors are showing great interest in what I believe to be a unique combination of fibre properties: low loss, high strength and ease of handling."

More on 904 1262.

OFFICE EQUIPMENT

Processes the words

A NEW word processor system, Cabtext Series 80, has been developed by Cable and Wireless U.K. Services, increasingly prominent in the equipment field in Britain.

Cabtext enables the user to draft, compose, store, recall, modify, etc. and print any type of business correspondence or document. Built around currently recognised hardware equipment and software it has three basic speeds. The work station will provide complete text processing control via systems keyboard and separate video screen or printer terminal. The storage station has high capacity, random access discs with voice coil positioning features which can store up to 500,000 characters.

The print station features a bidirectional daisy wheel print head to produce high quality typewriter print at minimum speed of 45 to 55 characters per unit. The work station will

MATERIALS

Epoxy coats are tough

SOLVENT FREE epoxy coating systems are made by mixing just prior to use, an epoxy component with an organic diamine component. The epoxy is pigmented with various colours and the coatings are used where good abrasion and or chemical resistance is required for such areas as floors, walls, chutes and silos, etc.

It has been found, however that many special applications require modified materials. This leads to a wide number of variations being produced which creates specification and stocking problems for the user.

To meet this problem Quentspluss has reformulated so that all the different epoxy components may be mixed with any

AUTOMATION

Putting the plant on a small screen

SEVERAL years ago, one of the buzz-words around industry was ergonomics and a number of conferences were held by the cognoscenti to teach designers how to make their products more "user friendly." One of the several areas where designers faced particularly difficult problems was in the presentation of vast amounts of information, such as in the control rooms of large power stations and manufacturing plants and on the flight decks of big jets.

The latter problem is being gradually solved, but the former one has proved somewhat more intractable.

A new approach described by Honeywell at Interkama could make the sordid ranks of analogue instruments a thing of the past in many applications, while allowing users to react much more quickly to an alarm condition.

Honeywell's contention is that displays and associated controllers will supplant conventional arrays of analogue equipment and present a much more easily digested picture of what is going on in a plant, a process or a large piece of equipment such as a turbine.

One improvement in the utilisation of the array of equipment offered, made by Honeywell, has been called UAC, an uninterrupted automatic control. This will detect a malfunction from one between one and eight digital controllers, announce the failure to the operator and simultaneously, and immediately switch in a reserve controller, thus resuming control of the process and all in less than a second.

TDC 2000 describes the main and operating procedures which can be used in practice in any industrial control operation from the smallest to the largest installations. Three levels of complexity are offered and the plant control engineers will go out of their depths in switching over to the new system since there is a degree of commonality in functions with the conventional control equipment installed till now.

The three-tier approach allows users to make a gradual move towards the "control room of the future" and its comparatively compact layout around three colour video displays. This triple redundancy is retained at all times, even if the operator stations go down, which is extremely unlikely.

More from Honeywell on 958 9191.

DIRECT GAS-FIRED SPACE HEATING

Send for details

Rilboa Road, Harrogate, N. Yorks. Tel: 0143 511 700 X 57829

Five-colour duplicator

SAID TO be almost useless, an electrically powered spirit duplicator is being marketed by Ofrex, Stephen Street, London W1A 1EA (01-636 3886).

A desk top model (it weighs 17 kg), it can print on paper weights from airmail to three sheet board, and take paper sizes from 230 x 360 mm to 75 x 115 mm up to 75 copies/minute. Fluid supply is automatic and work in up to five colours can be printed in one run using coloured hectographic carbons during the preparation of the master.

COMPONENTS

Measuring the flow of petrol

WHEN PETROL prices escalated problems were experienced with the metering heads on the petrol station pumps, not as was widely reported, because the heads could not cope with the speed the money wheels had to turn to record the increased prices, but because the gear trains were subjected to additional wear and higher torque, causing earlier breakdown.

Other reasons included customers' dislike of numbers moving too fast to read. Some meter heads could not be adjusted up to the new rate—this led to forecourt managers adopting half-gallon pricing (that is, pump prices were marked "times two"), which resulted in unfortunate misunderstandings with customers.

The garage trade is now faced with the possibility that petrol prices may go over £1/gallon in the not too distant future, and a change to metric measurement (litres) in 1981. Most mechanical heads could not be readily adjusted to record such price levels, or display the "price per gallon" nor is there a simple metric adjustment.

To indicate the size of the problem—there are some 120,000 petrol pumps in the U.K., of which about 25,000 are the more complicated blender pumps, which could not be adjusted above 89p/gal.

A company which claims to have developed solutions to these problems is Veeder-Root of the U.S. Available in the U.K. later this year will be a unit named Pear-Root (programmed electronically assisted computer head).

The metering of the petrol flow is still carried out mechanically

(maximum 40 gallons or 150 litres/minute) but the money rate display is microprocessor controlled. The flow rate is stored in a memory, and the microprocessor controls stepping motors driving the money wheels, so that their speed of revolution is no longer directly related to the petrol flow. The design retains the standard wheel display as the company has found some customer resistance to LED, neon tube and similar displays.

Veeder-Root says that installed as a completely new pump and meter the price is about 20 per cent higher than an all-mechanical head. For retrofit, the price is about three times that of a mechanical head.

The company's U.K. office is at 34, Station Road West, Oxted, Surrey (08833 7488).

Prints at low cost

LAUNCHED in this country by Bell and Howell is the Anadex DP-1000 alphanumeric printer which, at £400 is claimed by the company to be a "significant breakthrough" in the low-cost serial printer market.

The units use ordinary adding machine rolls, from 2 1/2 to 4 inches wide depending on the number of columns used, and there is an optional tally roll facility for an internally stored second copy.

Printing the 64-character ASCII sub-set at a maximum of 40 columns, the machines operate at 50 characters/sec. Two versions are available to accept serial inputs either at RS-232C logic levels or in the teletype-writer current drive mode, both with 104 character storage systems. There are other versions accepting TTL inputs in parallel bit serial character form, with a choice of 40 or 104 character stores.

But the main attraction, particularly to OEM customers, will be the availability of the paper on a world wide basis. More ASCII sub-set at a maximum of 40 columns, the machines operate at 50 characters/sec. Two versions are available to accept serial inputs either at RS-232C logic levels or in the teletype-writer current drive mode, both with 104 character storage systems. There are other versions accepting TTL inputs in parallel bit serial character form, with a choice of 40 or 104 character stores.

COMPUTING

Games data on cassette

GENERAL Instrument Microelectronics and EMI Tape have jointly developed an inexpensive method of storing computer data for home use, using conventional audio cassette tapes and a standard audio cassette mechanism or deck.

The technique, for which patents have been obtained, permits the storage of 1.0m bits of data on each side of a conventional C-60, 30-minute per side cassette and offers a one hundredfold increase in storage capacity in comparison with ROM microcircuit cartridges at one quarter of the price. Moreover, the technique allows voice and digital data to be stored on the same cassette.

Widespread availability of inexpensive hardware for the storage and playback of computer programs is seen as a key requirement in the development of the domestic television receiver into a computer system for use by all the family as a TV games centre and programmed learning and information terminal—Viewdata, for instance.

GIM, the world's largest manufacturer of TV games microcircuits, and EMI Tape, a division of the industrial electronics group of EMI, are also collaborating in the development of program material for this new market, with EMI taking responsibility for the manufacture and distribution of tape program cassettes. The first product is likely to be a range of TV games and educational programs which will be available through normal tape and record distribution outlets.

General Instrument Microelectronics has in an advanced state of development a set of compatible MOS microcircuits for interfacing television sets to its CP 1600 microprocessor family. Modular in concept, these interface circuits can be used by the manufacturer to offer a wide range of optional extras on the standard TV, culminating in a complete home computer system.

These interface circuits allow the reception of the Viewdata and Teletext services. Provision is also made for remote armchair controllers, and for interfacing to the cassette mechanism for the play-back of TV games and educational programs.

GIM, 57 Mortimer Street, London W1N 7TD. 01-636 2022.

PLANT & MACHINERY SALES

Description	Price	Telephone
8 BLOCK (400 mm) IN LINE, NONSLIP WIRE DRAWING MACHINE in excellent condition. 0/3000f/min variable speed 10 hp per block (1968).	P.O.A.	0902 42541/2/3 Telex 33641H
24" DIAMETER HORIZONTAL BULL BLOCK by Farmer Norton (1972).	P.O.A.	0902 42541/2/3 Telex 33641H
ROTARY SWAGING MACHINE by Farmer Norton (1972).	P.O.A.	0902 42541/2/3 Telex 33641H
SPLITTING LINE 500 mm x 3mm x 3 ton capacity.	P.O.A.	0902 42541/2/3 Telex 33641H
TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex. 6.50" wide razor blade strip production.	P.O.A.	0902 42541/2/3 Telex 33641H
MODERN USED ROLLING MILLS, wire rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	0902 42541/2/3 Telex 33641H
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	P.O.A.	0902 42541/2/3 Telex 33641H
1978 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	P.O.A.	0902 42541/2/3 Telex 33641H
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"-29"-31" diameter drawblocks.	P.O.A.	0902 42541/2/3 Telex 33641H
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max. capacity 750mm x 3 mm.	P.O.A.	0902 42541/2/3 Telex 33641H
1970 TWO STAN DWIRE FLATTENING AND STRIP ROLLING LINE variable speed 60 hp per stand.	P.O.A.	0902 42541/2/3 Telex 33641H
2 15 DIE M4 WIRE DRAWING MACHINES 5 000 Ft./Min with spoolers by Marshall Richards.	P.O.A.	0902 42541/2/3 Telex 33641H
50 H.P. VERTICAL WIREDRAWING BLOCK x 630 mm dia.	P.O.A.	0902 42541/2/3 Telex 33641H
9 ROLL FLATTENING MACHINE 1700 mm wide.	P.O.A.	0902 42541/2/3 Telex 33641H
7 ROLL FLATTENING MACHINE 965 mm wide.	P.O.A.	0902 42541/2/3 Telex 33641H
COLES MOBILE YARD-CRANE 6-ton capacity lattice tib.	P.O.A.	0902 42541/2/3 Telex 33641H
BRONX 6 ROLL PRECISION TUBE AND BAR STRAIGHTENING MACHINE, variable speed type 6 cr 3.	P.O.A.	0902 42541/2/3 Telex 33641H
CENTRIFUGE—P2000 stainless decanter.	£7,500	Harefield 2464 Tx 923989

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.

0902 42541/2/3
Telex 33641H

1 to 8 on, SAFE AS HOUSES!

There are so many manufacturers of portable buildings that selection is bound to be a bit of a gamble. A building from the Eurocab stable may appeal to you for its adaptability, economy or durability. These qualities are self-evident to every user of a Eurocab.

Eurocab is not just ahead on the production line. Our units are engineered as part of a system - an overall concept in portable accommodation which takes account of physical transportation problems; movement from the factory to the customer, and from one location to the next. After all, portability is the business we're in.

For example, Eurocabs come in CKD form: So they can be moved quickly, and at lowest cost - up to 8 units on a single vehicle. And of course, once on site, erection is simplicity itself.

Why not give us a ring now? Putting your money on Eurocab is a sure way of winning.

EUROCAB EUROPRODUCTS

New Industrial Estate, Blaenavon, Gwent, U.K. Tel. (0495) 793081 Telex: 497530 UROCAB G

CONTRACTS AND TENDERS

FOR SALE BY TENDER BREWERY & LAND

being the property of

UNCLE BEN'S BREWERIES OF ALBERTA LTD.

PARCEL 1: Brewery and soft drinks plant located upon, and including seven acres of land on Highway No. 2 in Red Deer, Alberta, and all equipment, assets, property and undertaking except Parcels 2 and 3.

PARCEL 2: Approximately eight acres of vacant land adjoining the brewery site serviced and zoned for highway light industrial use.

PARCEL 3: Inventory of finished goods and raw materials and all associated supplies of a consumable nature.

Tenders in sealed envelopes accompanied by the deposit of a certified cheque payable to the Receiver-Manager in the amount equal to at least five per cent of the amount bid must be in the hands of the undersigned Receiver-Manager not later than 12:00 noon, Tuesday, November 8, 1977. Tenders will be received by parcel or en bloc. Tenders will be accepted on the basis that the purchaser has inspected the assets and no warranty or condition is expressed or can be implied as to description, condition, size, quality, or any manner whatsoever. Adjustments for longs and shorts in respect of consumable goods will be made on a pro rata basis. The property is offered for sale subject to the approval of the Supreme Court of Alberta.

The lands will be sold free and clear of all encumbrances (save for a utility easement in favour of the City of Red Deer) but subject to the restrictions in the existing Certificates of Title. If the successful tenderer does not complete the purchase after acceptance of his tender, as approved by the Court, the deposit shall be forfeited. The highest or any tender will not necessarily be accepted. Cheques of unsuccessful tenderers will be returned to them.

Enquiries should be directed to:
Donald R. Yeoman, C.A. Receiver-Manager,
c/o Dunwoody & Company,
508 Fiftieth Avenue, S.W., Calgary, Alberta T2R 0R2, Canada.
Telephone (403) 262-5464.

Thames Water Authority - U.K.

Thames Tidal Defences

Contract 20E

Barking Barrier Gates and Machinery

The Thames Water Authority propose to invite tenders during 1978 from prequalified firms for the design, manufacture and erection of five vertical-lift type steel flood gates and their operating machinery for Barking tidal barrier.

The barrier will be constructed across Barking Creek at its confluence with the River Thames, about 16 km downstream of central London. It will form part of the defences against tidal surges in the Thames Estuary.

The largest gate will measure approximately 41 m wide by 11 m high and will be raised and lowered through a distance of about 37 m.

It is envisaged that hoisting machinery will be electro-mechanical with mains supply and a diesel standby power source.

Contractors who wish to be included on the list of pre-qualified tenderers for the above works are invited to apply in writing to:

BINNIE & PARTNERS,
Artillery House,
Artillery Row, London SW1P 1RX,
by 28th October, 1977. Applicants will be sent a more detailed description of the proposed works and a questionnaire enquiring into each firm's technical and financial standing.

Turkish State Railways (TCDD)

The Chairmanship of Central Purchasing and Sales Commission

Tenders are invited for 16 rail cutting machines, 16 portable rail-drilling machines, 10 diesel electrogenerating sets, and 24 combined screwing, unscrewing, and fishbolt fastening machines of which the technical features are written in the specifications.

- The above materials are to be purchased by receiving bids from the countries who are members of the World Bank (IBRD).
- The Specifications prepared for this purpose in Turkish and English can be purchased from TCDD's central cash office in Ankara and Sirkeci cash office in Istanbul with a price of TL. 250.00.
- The bids shall be received by or handed in person to our Commission not later than Tuesday the 6th December, 1977, 13.00 hours, for a meeting at TCDD Supply Department on this date.
- The bids shall be submitted in seven (7) copies (together with their Turkish versions, if possible), and the words "TCDD İstemesi Genel Müdürüğü Merkez Altım ve Satım Komisyon Başkanlığı Gur-Ankara/Turkey" and "This is an offer for the material subject to IBRD's loan and also subject of the Bid" shall be written on the envelopes containing the bids.
- TCDD shall be completely free to award contract(s) for all or some of the items to any bidder at its sole discretion.

Wells Fargo Bank

is pleased to announce
the opening of its
London Branch

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Peter J. Vermeulen, Vice President and Manager

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The new Ford Granada Emphasis on engineering



2.8 litre V6 Granada Ghia with automatic transmission and optional extra headlamp washers.

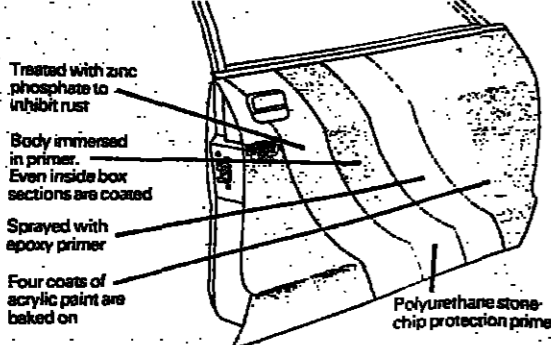
Solid engineering makes the Ford Granada a durable and reliable car

Good engineering should make a car work better, without making it more complicated.

However handsome a car may look it's what the eye can't see that determines how long it lasts and how well it performs. Ford set out to build a car that would be durable, reliable and have the safe, decisive handling today's motoring conditions require. They started from the inside and worked out, putting the emphasis on engineering.

Here are just a few of the more important developments the engineers built into the car. See if your priorities are the same as theirs.

The quest for durability
Nobody would deny that a car's worst enemy is corrosion. If it is not properly protected a car can start to show its age very quickly. But just as important is the protection of vulnerable parts you can't see. Preparing the Granada body, protecting it against rust and eliminating rust traps inside body sections, sealing underneath the wheel arches and applying 4 coats of tough acrylic paint involves no less than 18 separate processes. That's the sort of thoroughness that has gone into protecting your investment, on the inside as well as on the outside.



Reliability is achieved by attention to detail

Ask any AA man and he will tell you that it is the small electrical faults that are the cause of most breakdowns. Ford have reduced the mass of connections you find behind the dashboard of more conventional cars by using a printed circuit which means there are fewer connections to work loose. Also the main relays and fuses are contained in a central distribution box for ease of service.

But perhaps the most important electrical refinement is the new electronic breakerless ignition system on the V6 engines. It delivers a more powerful and accurate spark which, in turn, provides more efficient fuel ignition. This helps maintain engine tune, resulting in improved economy. Starting on cold mornings is also made easier.

12000 mile service interval

Improved durability means that the service interval is extended to 12000 miles on all Granada petrol models (apart from minor checks and oil changes at 6000 miles) so you save on service charges too.

Amongst other examples of thoughtful engineering are the self-adjusting clutch and the

fact that the brake linings can be inspected without removing the wheels. More details that help to keep your service costs down.

Suspension that gives safe, decisive handling and peace of mind

Probably the most important safety feature a car can have is suspension that gives you predictable and decisive handling, particularly at speed and when cornering. The Granada has independent suspension on all four wheels. It ensures that the tread on all four tyres is firmly in contact with the road surface. The car feels taut and well-balanced all the time, leaving you feeling relaxed and confident.

The Granada's 59.5" front and 60.5" rear tracks (the widest in its class), together with the low centre of gravity and long wheel base give superb stability. Down forces created by the front spoiler and the extra air diverted over the bonnet by the special radiator grille reduce lift at speed and ensure that the car hugs the road.

The GL and Ghia are fitted with gas filled shock absorbers (these help soak up the bumpiest road) and the 'S' with Bilstein gas shock absorbers (for the man who drives that bit harder).

Incidentally the 'S' is fitted with Michelin TRX super low profile tyres as standard equipment. A brand new tyre designed to give the ultimate in performance, immediate response and excellent straight ahead stability when braking.

Engines that give smooth performance and efficiency

The excellent performance and efficiency of the 2 litre OHC and new 2.3 litre V6 engines has been achieved by an improvement in aerodynamics which reduces the drag factor and by the engineers exceeding the target they set themselves for reducing the weight of the car. The fuel consumption figures obtained using standard European DIN procedure prove the point. The 2.3 litre V6 with manual transmission gives a figure of 26.7 mpg*.

The exciting new 2.8 litre V6 engine is a beautiful, smooth unit. The optional fuel injection system ensures the most efficient use of your fuel by metering just the right amount of petrol, whether crawling in traffic or driving on the motorway. The fuel injection is a highly developed and well proven system that is used by Europe's best cars.

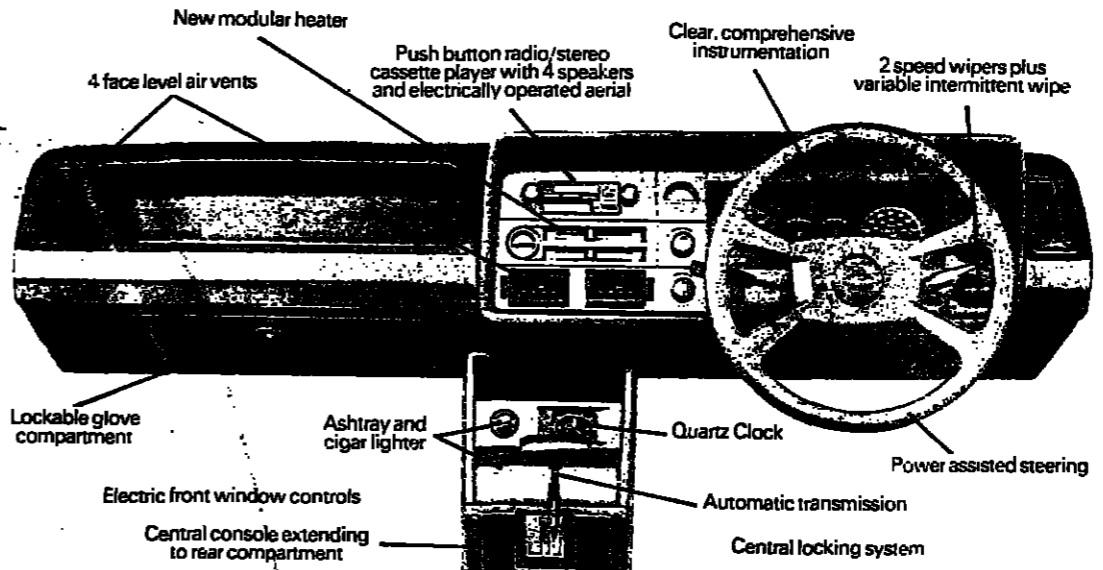
There will also be a new 2.1 litre diesel model. Its benefits of long life, and low fuel consumption - particularly in town driving, will be a welcome addition.

Comfortable and effortless journeys

When you settle behind the wheel of the new Granada you immediately get a feeling of well-

Some standard features of the Granada Ghia ►

Automatic transmission (except with fuel injection) · power assisted steering · push button radio/stereo cassette player with 4 speakers and electrically operated aerial · laminated windscreen · tilt/sliding roof · alloy wheels · Veronal Crushed Velour cloth seats · central locking system (4 doors and boot) · remote control door mirror · 2 speed variable intermittent wipe windscreen wipers · carpeted boot · dual tone horn · rear fog lamp · tinted glass · electrically operated front windows (electrically operated rear windows optional extra) · shag pile carpet



being. Deep, cloth covered seats (leather on the GL and Ghia saloons if you want) with adjustable head restraints on all petrol models, keep you relaxed on the longest journey.

All controls are at your fingertips and add to the feeling of being in complete control. Push button radio is standard on all petrol models, and the Ghia has a push button radio/stereo cassette player with four speakers and electrically operated aerial as standard equipment. Each radio is tested for 24 hours before being fitted. In addition electrically operated front windows and central locking (4 doors and boot) are standard on the Ghia.

The new Granada carries on the Granada tradition for comfort. During its development every body panel was engineered for good acoustic behaviour and the car finally tested in an 'anechoic' chamber to check noise level. It is even quieter than its predecessor, with more sound deadening material built into every model of the range.

Good visibility means a safer car

The low bonnet and boot line ensure good visibility. The road cut off point is improved over the previous model by 3 feet at the front and 22 feet at the rear. You also get a fantastic 86% all round vision. Laminated windscreen (standard on all

models) means that if you do catch a flying stone you're not immobilised.

A new stratified heating system allows you to select varied combinations of screen and passenger compartment temperature and provides a complete change of air every 20 seconds when travelling at 50 mph. In addition fully integrated air conditioning is optional on all V6 engine models*.

Take a closer look at the car in your local Ford showroom and see for yourself how the new Ford Granada puts the emphasis on engineering.

Engine size (litres)	Max speed (mph)*	DIN fuel consumption (mpg)†
2.0 L (manual)	102	26.2
2.3 L (manual)	105	26.7
2.8 GL (manual)	113	25.7
2.8 Ghia (automatic)	109	23.9
2.8 Ghia fuel injection (manual)	120	25.2
2.1 diesel (manual)	85	31.4

GRANADA PRICES	
Granada L	from £4,144
Granada GL	from £5,261
Granada S	from £5,910
Granada Ghia	from £5,748
Granada Diesel	from £4,668
Granada Estate	from £4,880

Maximum prices as at 15 Sept 1977. Seat belts, car tax and VAT included. Delivery and number plates at extra cost. *Available early 1978 provisional price.



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Building and Civil Engineering

£10m. Abu Dhabi trade centre

SCOTT, Brownrigg and Turner is to supervise the construction of a trade centre in Abu Dhabi, United Arab Emirates, for Sheikh Suror Bin Mohammed Al Nahyan. The £10m. contract has been let to National Construction Company (Pakistan) and is due for completion in 1979.

Two seven-storey buildings, each comprising ground floor shopping and reception with six floors of offices above, are to be built parallel to each other. The office buildings will be completed by a two-storey commercial complex containing a double-level shopping area connected by escalators.

Three jobs in Scotland

LAING Scotland has been awarded three contracts totalling more than £1.35m. The work embraces a major redevelopment contract in Glasgow, the construction of a sheltered housing scheme in Bothwell, North Lanarkshire, and the erection of a factory on the South Newnour Industrial Estate, in Irvine, Ayrshire.

Concrete frame for EMI Centre

A £5.1m. sub-contract for the construction of the reinforced concrete frame of the new EMI Centre in Tottenham Court Road, London, has been won by the Dispecker Concrete Company (Higgs and Hill Group).

Roadwork in Bangkok and Trinidad

IN JOINT venture with Trinidad Engineering Research Co. and CEP, Freeman Fox and Partners have been appointed by the Government of Trinidad and Tobago to report on and design the improvement of the 10 km long Princess Margaret Highway in Trinidad.

early in 1978, is planned to take 30 months. The Din Daeng section is located in a congested urban area within an existing railway corridor and it crosses three 6-lane roads and the railway. The presence of weak alluvial soil will necessitate special measures for embankment construction and use will be made of lightweight rice husk ash.

Irrigation in Nigeria

SIR M. MacDONALD and Partners, in association with Hunting Technical Services, is to carry out a pre-feasibility study of irrigation and water resources in the Donga River basin in Gongola State, Nigeria.

Explosives make joints

DEVELOPED JOINTLY by Vickers International, Explosives and Development Company, Newcastle, an explosive welding technique for joining steel pipes has been granted formal approval by Lloyd's Register of Shipping and the Department of Energy.

Two awards to Wimpey

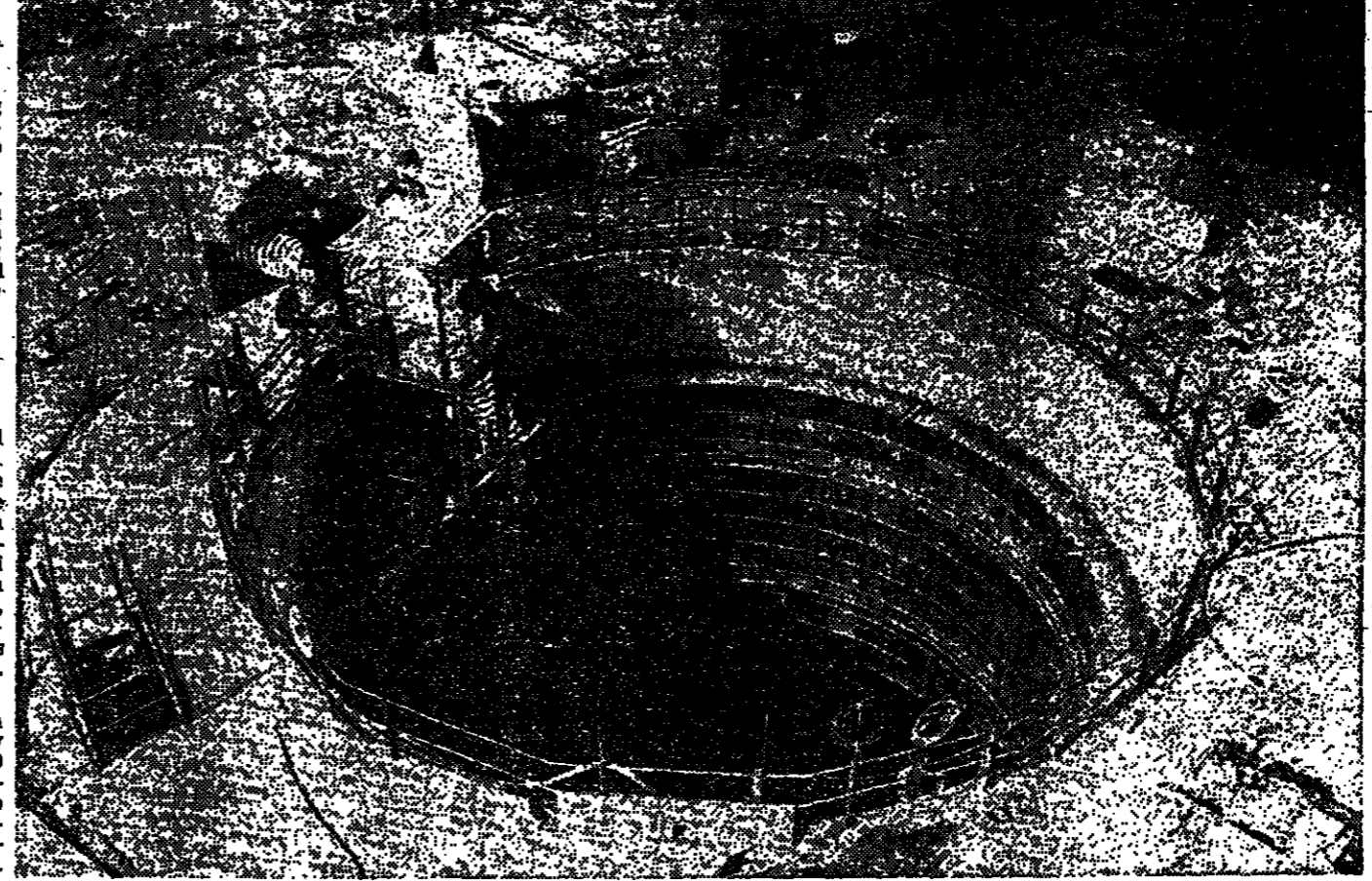
IN THE Sultanate of Oman, the George Wimpey has won two contracts for the provision of earthmoving equipment and for the construction and maintenance of roads and approaches to oil drilling locations.

Development (Oman), and the other is for Quintana International, at about £1m. In Scotland Wimpey has been awarded a contract by Livingston Development Corporation for the construction of 213 houses on the Deans East 2 District of the New Town. Value of this is over £2m.

New system Middle East guides from Conder

THE CONDER Group has launched a new building system for hospitals, schools and offices in overseas countries. The company claims that two men can put up its latest IBS building without any mechanical aids.

TO BE PUBLISHED in June next year, the Barbour Middle East Compendium is the result of research by Barbour Index into the requirements of the Middle East construction market. It is intended to provide a cost-effective means of presenting building products (and finding sales opportunities for them) in this growth area for the construction industry.



The first shaft for the new Selby coalfield in Yorkshire is nearing completion. The collar is about 25 metres in diameter and will be concrete lined before the main shaft sinking operations, to a depth of nearly 400 metres, begins. This shaft will eventually convey 10m. tons of coal each year to the surface. The shafts will be used for transporting men, materials and services.

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2. Asia. Piles for a steel mill in Taiwan. Raymond's off-shore work in South-east Asia means improved communications.
3. America. The 38 km Lake Pontchartrain Bridge is the longest highway bridge in the world. Raymond operates throughout North, Central and South America.
4. Africa. Raymond maintain virtually continuous work in Nigeria, Libya and Liberia. Roads, bridges, buildings all over the continent testify to the secure foundations Raymond constructed.
5. Australasia. A Raymond jack-up rig exploring for oil with Sun Marine Co. Raymond believe in the right equipment for each job. That means up-to-date technology and usually big rigs.

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Excavation Roofing in S. Wales

THE WELSH Development Agency has awarded a contract worth almost £800,000 to Davies Middleton and Davies.

Work on the new Crown building in Cardiff's civic centre is already under way and a start is to be made in the next few weeks on two contracts in Swansea.

Excavation Roofing in S. Wales. THREE roofing contracts worth more than £400,000 have been awarded in South Wales to Briggs Amasco.

Distributing the power

AMONG the first tasks to be undertaken when starting operations on a building site is the installation of electrical power supply and distribution system.

The company now claims to be offering the first British designed modular main electrical distribution unit to incorporate fully independent input and output sections.

Design of factories

THE current issue of the Architect's Journal includes the first section of a Handbook of Factory Design which will be succeeded weekly by sections on various aspects of the subject.

considerable importance to the growing industrial building needs of the country as in addition to factories it covers pumping stations, dockside sheds, waste re-handling units and garages.

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IN BRIEF

- The Doha Theatre in Qatar is to be supplied with film projection and sound equipment by EMI Pathe under a sub-contract from Rank Strand Electrical. Value of the order is £35,000. In Malawi, EMI Pathe is installing a public address system, lighting and projection equipment in the Kamuzu Theatre at the Institute of Youth and Culture at a cost of £48,000.
- Walter Lawrence and Son has been awarded a £3.6m. contract to construct research buildings within the existing Becham research centre at Harlow, Essex.
- Costain Construction has been awarded a contract worth about £400,000 to build a warehouse in Farnborough, Hants, for Sulzer Bros. (U.K.).
- Percy Bilton has been awarded a £966,000 contract by Peterborough Development Corporation to build Boonsgate—a road linking Peterborough city centre with a large industrial estate on the eastern side of the city.

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The PENSIONS

Wor proc

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

PENSIONS IN AMERICA

Adapting to a major change

BY LOUIS C. KLEBER

REPRESENTATIVE John Erlenborn of Illinois reflected a widely-held view when he said that America's Employee Retirement Income Security Act of 1974 ("ERISA") needed a "severe spanking" on the occasion of its second birthday. The red tape surrounding ERISA is like barnacles on a ship. Some of those barnacles are now being removed.

The Act was intended to rectify many shortcomings in the nation's pension system: for instance underfunded plans that could not provide promised benefits and the failure to disclose adequately and communicate pertinent information to both employees and the Government. The importance of that system is self-evident when one considers that the combined assets of private and public pensions in the U.S. is just over \$400bn.—20 per cent of the nation's savings and investments—and it is the fastest growing source of savings in the American economy.

Like so many grand projects, the high hopes and pronouncements that accompanied the launching of ERISA were soon replaced by frustration and confusion. This might have been expected of major legislation—formulated—and which was intended to reform such a complex and vital area as pensions. One thing is self-evident. There was an undeniable need for Federal legislation to regulate this most important area with its great impact on both human needs and, indeed, the nation's economy. Whatever the problems, ERISA was necessary and the Internal Revenue Service (IRS), Department of Labor (DOL) and other Government agencies charged with ERISA's administration, are engaged in a genuine effort to ease the burden of compliance with the Act.

The reporting and disclosure requirements of the Internal Revenue Service and Department of Labor have been particularly harsh for the smaller employer with a "qualified plan"—Government approved for employer tax and other tax relief. One pension executive complained that ERISA was designed for companies with many thousands of employees. Smaller firms have been faced with "endless reports and deadlines" costing thousands of dollars.

As the U.K. stands on the threshold of a new era in state and occupational pensions, the U.S. is coming to terms with a major new pension system which has generated some confusion and frustration since being introduced over two years ago.

the International Foundation of Employee Benefit Plans predicted that the cost of administering pension funds would rise by 50 per cent to 100 per cent. Regardless of the actual percentage, the cost of administration has zoomed in the three years since ERISA became law. However, some progress is being made. Welfare plans which cover under 100 employees are exempt from many filing requirements, and pension plans with under 100 participants do not require an independent public accountant's audit. The IRS and DOL have been combining forms and establishing common filing dates wherever possible.

Concurrent with these efforts and appeals for simplification, there remains the requirement for plan administrators to inform employees fully of their rights, details of plan funding and the like as required by ERISA. This is quite understandable when one considers the cases such as the collapse of the Studebaker pension plan with insufficient funds to pay accrued benefits. Employees were unaware of the fund's insufficiencies. The Department of Labor and

the Internal Revenue Service have been deluged with applications, requests for opinions and a host of other areas where understanding is essential. ERISA's fiduciary liability provisions are another problem area. They have haunted plan trustees, administrators and others who might be considered fiduciaries. The law required that a plan fiduciary be named, but at the same time it defined fiduciaries in the broadest sense. Almost anyone connected

with the control of plan funds or administration could be deemed a fiduciary and thus personally liable, not only for direct infractions of the law, but even imprudent investments. Of course, it was the violation of trust obligations by some persons that brought about the new provisions which have impelled plan trustees to shy away from responsibilities that they would normally have accepted without qualms. In many cases, they hurried to find a corporate trustee for fund investment in the questionable hope that they would not be liable under the Act's "prudent man" rule.

The early worries of fiduciaries have not materialised, as some had feared, but one thing is certain. The law has teeth and the Government is using them. The Department of Labor has already intervened in suits for alleged prohibited transactions. What is Congress doing? Considerable pressure has been put on Federal agencies to reduce the length of forms or even eliminate them where possible. Some of the longer forms have been shortened, but if there are to be any reductions in ERISA's fundamental reporting and disclosure requirements, much of it must be done by Congressional legislation. Two proposals are before Congress now. The House of Representatives' proposal (H.R.4340) seeks to establish a single "Employee Benefits Administration" which

would eliminate dual reporting. The Senate Bill (S.901) would clearly specify the areas under IRS and DOL jurisdiction and thus reduce the joint filing of forms. Early action on ERISA reform is unlikely, however, since Congress has such high priority items as energy and tax legislation under review. Furthermore, these Bills must be considered by separate House and Senate committees. William Chadwick, former administrator of Pension and Welfare Benefit Programs for the Department of Labor, recently noted that four different Congressional committees have jurisdictional control in the ERISA area. "We won't be seeing any substantive legislative activity to modify ERISA until probably late in this session of Congress."

How, then, does ERISA's record stand-up in the broad sense? The Act appears to be accomplishing much of what Congress intended. New minimum standards have been established for eligibility to participate in plans, employee vesting in benefits which have accrued and in other important areas such as rights under claim procedures. Also, employees covered by plans with a defined benefit formula need no longer worry about a defunct pension fund depriving them of certain benefits in which they had earned a vested interest. A new Federal agency, The Pension Benefit Guaranty Corporation, now insures these benefits.

ERISA is clearly here to stay, but it may be many years before the machinery necessary to run it is functioning smoothly in a manner responsive to employer needs as well as employees. ERISA, however, does not require employers to establish pension plans nor does it state minimum benefit levels. Many workers will still retire with woefully inadequate retirement income. Senator Harrison A. Williams, Jr. of New Jersey, one of ERISA's architects and chairman of the powerful Senate Labor and Public Welfare Committee, put it plainly: "I feel there is a great deal more to be done."

Louis Kleber is a partner of Peat Marwick Mitchell and Co., New York.

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

If it aches, it's raining

Some men, against rain do carry in their backs Prognosticating Aching Almanachs; Some by a painful elbow, hip or knee Will shrewdly guess what weather's like to be. John Taylor, 1580-1658

READERS with long memories may recall that I have quoted the "Water Poet" before when musing about the effect different weather systems have on people. But an amusing 350 year old jingle bears repetition as does the subject involved. Since the dawn of man, behaviour patterns of animals and insects have served as valuable guides to help man plan his activities. For those poor ignorant souls who lived before the wonders of modern weather-forecasting had nothing but their age-old experience to guide them.

Scientists may scoff because their experiments can find no absolute reason for behavioural differences under climatic influences; but so often their eyes are too closely focused on such remote objects as, say, an isolated rabbit's gut, to appreciate that the world of living creatures tends to be at variance with their speciality.

Most country folk can make short-term forecasts by observing non-human behaviour. Ants go in straight lines before rain but scatter if the weather is set fair. The reason may be that water upsets their little understood homing mechanisms. The garden spider is considered by many to have a slightly longer range of accuracy—up

to five days. Study of that beautifully round web of hers will show that, if calm days are ahead, she makes her trap as wide as possible. But if storms are approaching, her web is smaller, better protected and it's main stay-threads are doubled. I am not suggesting that she thinks this out, but the energy wasted and food lost through building great webs that will be blown away in a day or two would soon eradicate the species if it behaved so stupidly.

Many animals also behave oddly before bad weather. Donkeys bray, pigs become excited, and other animals and birds are restless. And as for my Siamese cats, they treat my house like the Aintree course some 12 hours before gales and rain. Men, who have less need for primitive methods, still retain some forecasting ability. Any body with a scar, a corn or some once-injured joint is usually well aware of approaching rain by pains or aches in these regions. Also, some people feel unwell and have headaches before thunder or when frontal weather is many hours away. Some men of science are studying the matter rationally and my eye was taken by a headline in a popular paper which ran: "Feeling seazy? It's usual . . . and even the boss that water upsets their little understood homing mechanisms. The garden spider is considered by many to have a slightly longer range of accuracy—up

Forecasting

The cause is unknown. Professor Sulman believes that it is due to aerial ionic imbalance: other eminent men disagree but provide no better solutions. However, only a fool or an incorrectly programmed computer could deny that many humans are cyclopathic; and senior executives would do well to remember that when deep depressions approach, some members of the staff may be irritable and less efficient than usual. . . . and even the boss that water upsets their little understood homing mechanisms. The garden spider is considered by many to have a slightly longer range of accuracy—up was not devoted to sex, but the weather."

Strategies for cash management


A MAJOR preoccupation of any company is how to ensure that it has sufficient cash to maintain its business without any undue strain. To achieve such an objective does not merely require that a given level of cash is maintained at the bank; however, since different forms of financing are used to satisfy varying situations. What the available alternatives are and what types of overall financial strategy may be adopted, are among the subjects of a newly published book, *Corporate Financial Management*. The book is in five parts. The first deals with working capital, the second with fixed assets and the third with capital structures. In the fourth, various aspects of acquisition and merger activity are discussed, while the final chapter comprises a glossary of terms and appendices. The *Corporate Financial Management*, by J. R. Franks and H. H. Scholefield, Gower Press, London. The conference are merely under the stock price, £3.95.

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- Skills of Negotiation, London Business School, October 17-21. Fee: £285. Details from London Business School, Sussex Place, Regent's Park, London NW1.
- The Secretary's Role in Management, Elvetham Hall Management Centre, Fleet, Hampshire. November 1-3. Fee: £125 plus VAT. Details from PMG Executive Training and Development, 207 Victoria Street, London SW1.
- Documentation, Rubens Hotel, London. October 27. Fee: £75 plus VAT. Details from InComTec, InComTec House, 7 High Street, Camberley, Surrey.
- The Employer's Responsibility under the Law, The Manor House, Southall, November 15-16. Fee: £45 plus VAT. Details from David Casey Associates, The Manor House, The Green, Southall, Middlesex.
- Industrial Relations Law, IPM Headquarters, London. November 17, 1977—January 26, 1978. Fee: £145.80. Details from Conference Administrator, Institute of Personnel Management, Central House, Upper Woburn Place, London WC1.
- Starting Your Own Business, Carnegie Arts Centre, Worthington. October 22. Fee: £5. Details from the Administrative Secretary, Small Business Advisory Office, Cumbria County Council, 50 Duke Street, Whitehaven, Cumbria.
- Corporate Planning in Practice, University of Bradford, West Yorkshire. October 31-November 4. Fee: £200. Details from the Programme Secretary, Corporate Strategy Centres, The Management Centre, University of Bradford, Keaton Mount, Kelsley Road, Bradford, West Yorkshire.
- Management Development Process: Independent Assessment and Research Centre. London. November 8. Fee: £45.00. Details from I.A.R.C., 57 Marylebone High Street, London, W1.
- Incentives—Choice and Design, Cafe Royal, London. November 15. Fee: £80 plus VAT. Details from Conference Communication, Monks Hill, Tilford, Farnham, Surrey.



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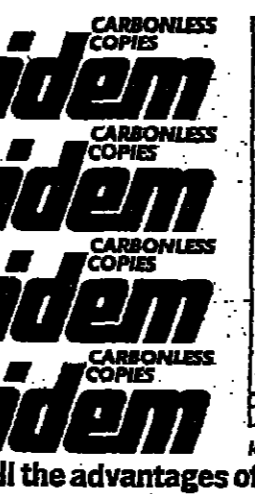
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THE WORLD STEEL CONFERENCE MEETS IN ROME TO-DAY

Steelmakers in search of the missing boom

BY ROY HODSON

Similar but different

THE Prime Minister and some of his colleagues would probably agree, at least in private, with a good many of the prescriptions contained in the latest Tory document on economic strategy.

Part of the Tory paper consists of proposals for a reform of the personal and corporate taxation system which would certainly not be acceptable to a Labour Government.

Dr. David Owen goes to Moscow

DR. DAVID OWEN'S two days of talks in Moscow which begin to-day are not expected to produce concrete results in terms of new deals or agreements.

STEELMAKERS FEAR the horrors ahead — "unknown" coming winter. They are being carried into uncharted waters by currents they do not understand.

When last they met in Tokyo a year ago there was some optimism that demand for steel would improve dramatically within weeks or months.

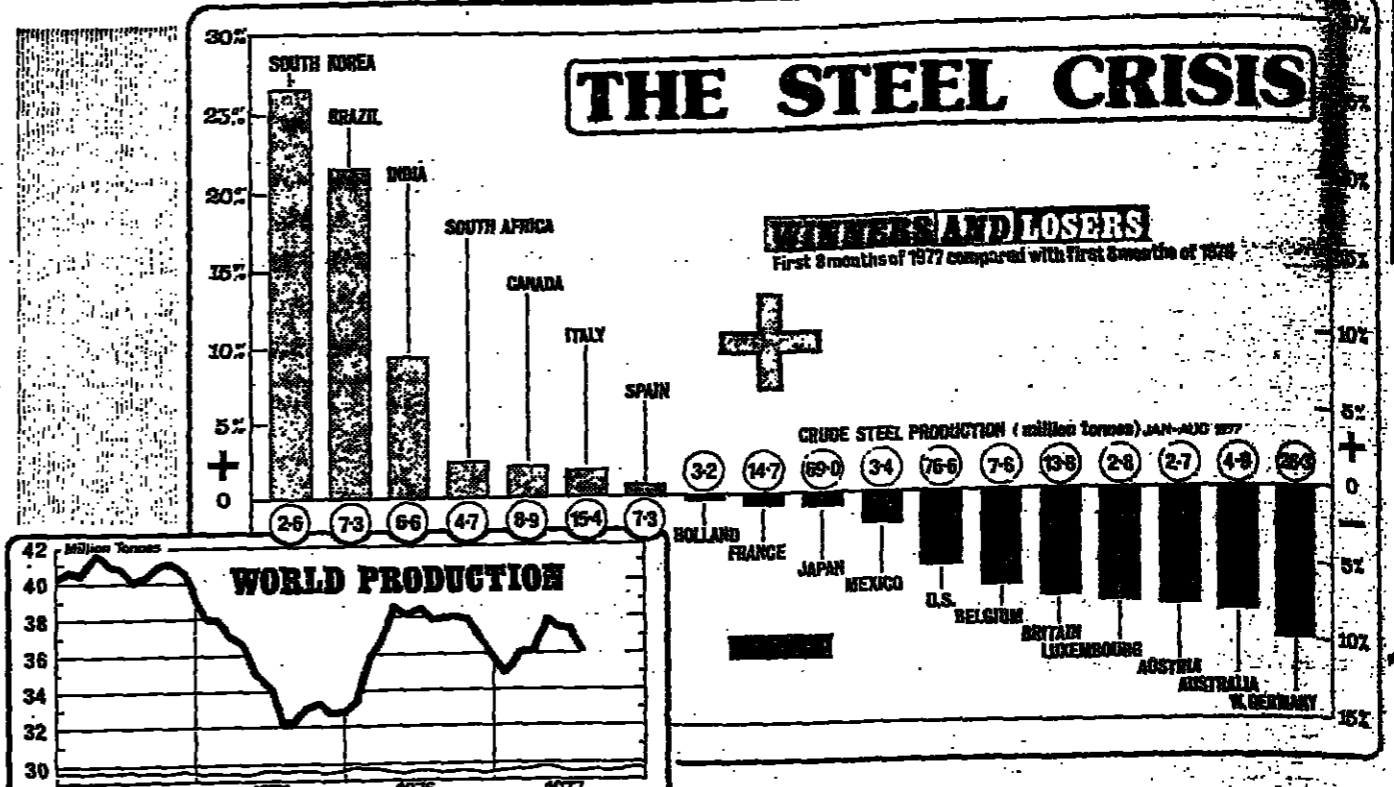
This year the company leaders will be asking each other for ideas about how steelmaking can be restored to prosperity in a world market which is no longer properly understood by the supplying companies.

During 1977 the industrialised nations will make and sell only about 85 per cent of the quantity they handled during the palmy days of 1973 and 1974 when western world steel output climbed over 40m. tonnes a month for the first time.

Table with 2 columns: Steelmaker, 1976 production (m. tonnes). Includes Nippon Steel (34), U.S. Steel (25), British Steel (19.1), Bethlehem Steel (17.1), Nippon Kokan (14.7), Finsider (13.4), Sumitomo (13.3), Kawasaki (12.2), Thyssen-Luette (12.8).

MEN AND MATTERS

The Divine Right of habit "During my lifetime, all the leaders of the Conservative party have served as Prime Minister. I hope the habit will continue."



fundamental rationalisation of the industry which he is seeking is actually being translated from noble thoughts into action.

The OECD, in recent months, has been assembling a ponderous collection of "crisis" analyses of the steel situation on a country-by-country basis.

Britain and many Governments of other steel-producing nations would have preferred to limit the damaging effects of too much steel looking for too few customers by arriving at a series of individual agreements with the big steel exporting countries.

ment programme. Appalled to weather the crisis, its work that a State manufacturing expansion and modernisation programme is now so far advanced that even if further schemes were axed, the corporation would still have a modern steelmaking capability in the 1980s.

Other international steelmakers are anxious to know whether British Steel is determined to retain its position as third in the world steelmaking league.

British Steel is strong in one respect which will encourage it to do its best to force when steel sales are likely to rise again.

Hungary joke

Janos has saved 2,000 forints and is persuaded to deposit it at the National Bank. A suspicious man, he asks what would happen if the bank went bust.

Hail stiletto

Look to your limousine, office managers. The stiletto beetle-killer of carpets and puncturer of parquet is back from a 10-year sojourn in the fashion wilderness.

Showbiz

President Albert René of the Seychelles, who seized power four months ago in what was described as a left-wing coup, was at pains to make clear after the coup that, revolution or not, foreign investors were still welcome.

Advertisement for Famous Grouse Scotch Whisky. Features a bottle of whisky and text: "The exception that could prove to be your rule. Quality in an age of change."

FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

At 30th SEPTEMBER, 1977

The Association of International Bond Dealers (AIBD) compile current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields

are compiled from quotations obtained from market-makers on the last working day of each month: there is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone

between dealers scattered across the world's major financial centres. Membership of the AIBD, which was established in 1969, comprises over 450 institutions from about 27 countries. A key to the tables is published opposite.

CONTENTS

Table with columns: GROUP HEADINGS, PAGE, GROUP HEADINGS, PAGE. Lists various bond categories like US Dollars, Euro Composite Units, etc.

Eurobonds in September

By MARY CAMPBELL, Euromarkets Editor

In retrospect it may be that August will be seen as the calm before the storm and September as the beginning of the 1978 cyclical bear market in Eurobonds.

matter) it was also assumed that what this low level of activity meant was that there was a pent-up supply of potential funds to go into Eurobonds when new issue activity started up again in earnest as it was expected to do in September.

In the event, there has been little sign of this pent-up supply of funds. The new issue calendar has not been light in September but, on the other hand, it has not been as heavy as earlier this year.

The position at the end of August was that inter-bank interest rates were about the same as at the beginning of the month, having risen sharply in mid-month only to fall back again.

Although the low level of new issue volume was assumed to have helped the market in August (and in July for that

the market significantly weaker in September, two in particular are widely cited. One is that Eurodollar interest rates really did go up properly.

The other was the weakness of the dollar, particularly against the Swiss franc. The dollar has been falling steadily against the Swiss franc since March.

It is argued now that the most significant result of these circumstances was a total dearth of buying interest in Eurodollar bonds.

The lack of buying interest meant problems particularly for new issues in the dollar sector. Many of last month's new issues were priced at a discount and not one proved self-financing in the after-market.

The two largest issues, for the European Coal and Steel Community and Citicorp, in particular performed badly.

Except insofar as both borrowers are rated triple-A and the issues were big there could hardly have been two more dissimilar issues. One borrower is a European supra-national institution, the other a prime U.S. Corporation.

The pricing of the ECSC issue precisely straddled the moment when market sentiment switched from basically firm to basically bearish. So strong had the apparent demand for the issue been during the offering period that both tranches were priced at steep premia.

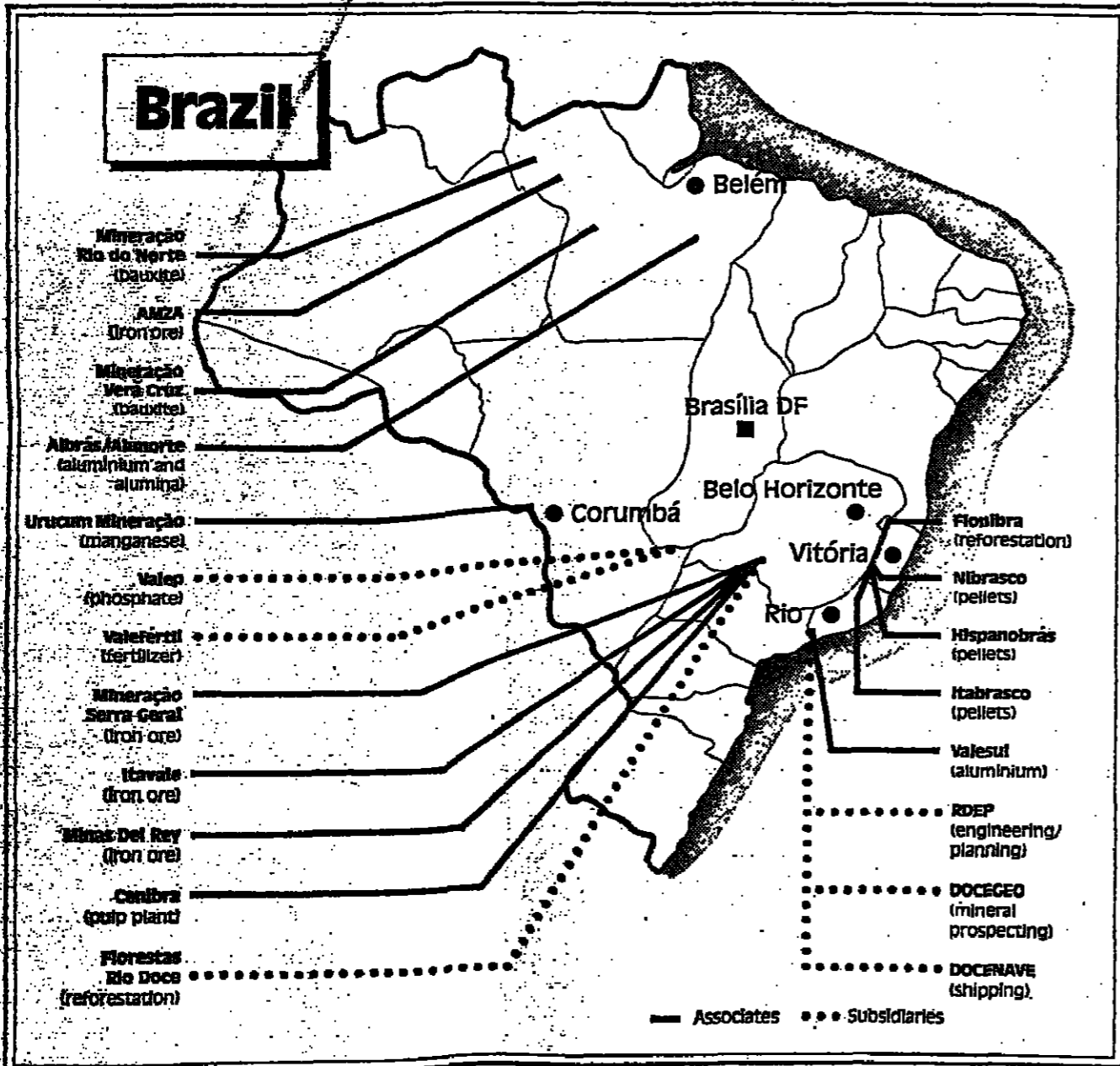
The performance of the Citicorp issue was considerably weaker. This fell to a discount of two points in after-market trading—larger in real terms than might appear since the selling group discount was smaller than usual and the maturity so short.

The table of quotations and yields gives the latest rates available on 30th September, 1977.

This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

IRON ORE

We've got a lot of it in Brazil

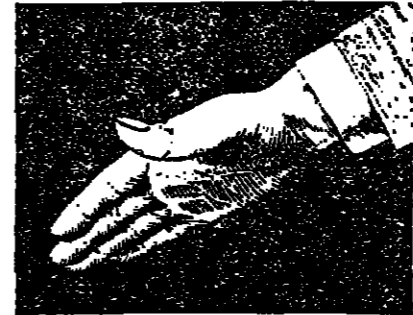


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Formerly Nippon Fudosan Bank

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Table with columns: ISSUED/ESTIMATED YEAR OF ISSUE/ISSUE PRICE, BORROWER/COUPON MATURITY, PRICE, LIFE/AVERAGE LIFE, YIELD TO MATURITY, CURRENT YIELD, NET CALL PRICE, NET CALL PRICE/YIELD, NET CALL DATE, NET CALL DATE/YIELD, SECURITY, LEAD MANAGER, MARKET MAKERS.

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Slave Ovens & Van

Table with columns: ISSUED, ESTIMATED, YEAR OF ISSUE, COUPON MATURITY, PRICE, YIELD, MARKET MAKERS. Includes sections for US DOLLARS - TREASURY, US DOLLARS - CORPORATE, and US DOLLARS - FOREIGN.

Table with columns: ISSUED, ESTIMATED, YEAR OF ISSUE, COUPON MATURITY, PRICE, YIELD, MARKET MAKERS. Includes sections for US DOLLARS - FOREIGN, EUROPEAN, and M-RETIRES.

Table with columns: ISSUED, ESTIMATED, YEAR OF ISSUE, COUPON MATURITY, PRICE, YIELD, MARKET MAKERS. Includes sections for EUROPEAN, M-RETIRES, and other international bond listings.

Slavenburg Oyens & van Eeghen nv. Market Maker 609 in Eurobonds. The following are mid-market Quotations & Yields in Recent Guider issues. Includes table with columns: ISSUE, CLOSING MID-MKT PRICE 7.10.77, YIELD.

Akzo nv (established at Arnhem, the Netherlands) Dfls 60,000,000 7 1/2 % bearer Notes due 1984. Includes Akzo logo and contact information.

Austrian Quotes Quotations and Yields of Austrian Eurobonds. Table with columns: ISSUE, COUPON DATES, REPAYMENT, SINKING FUND, PRICE, YIELD TO MATURITY. Includes sections for D-MARK BONDS, U.S. BONDS, and AUSTRIAN SCHILLING BONDS.

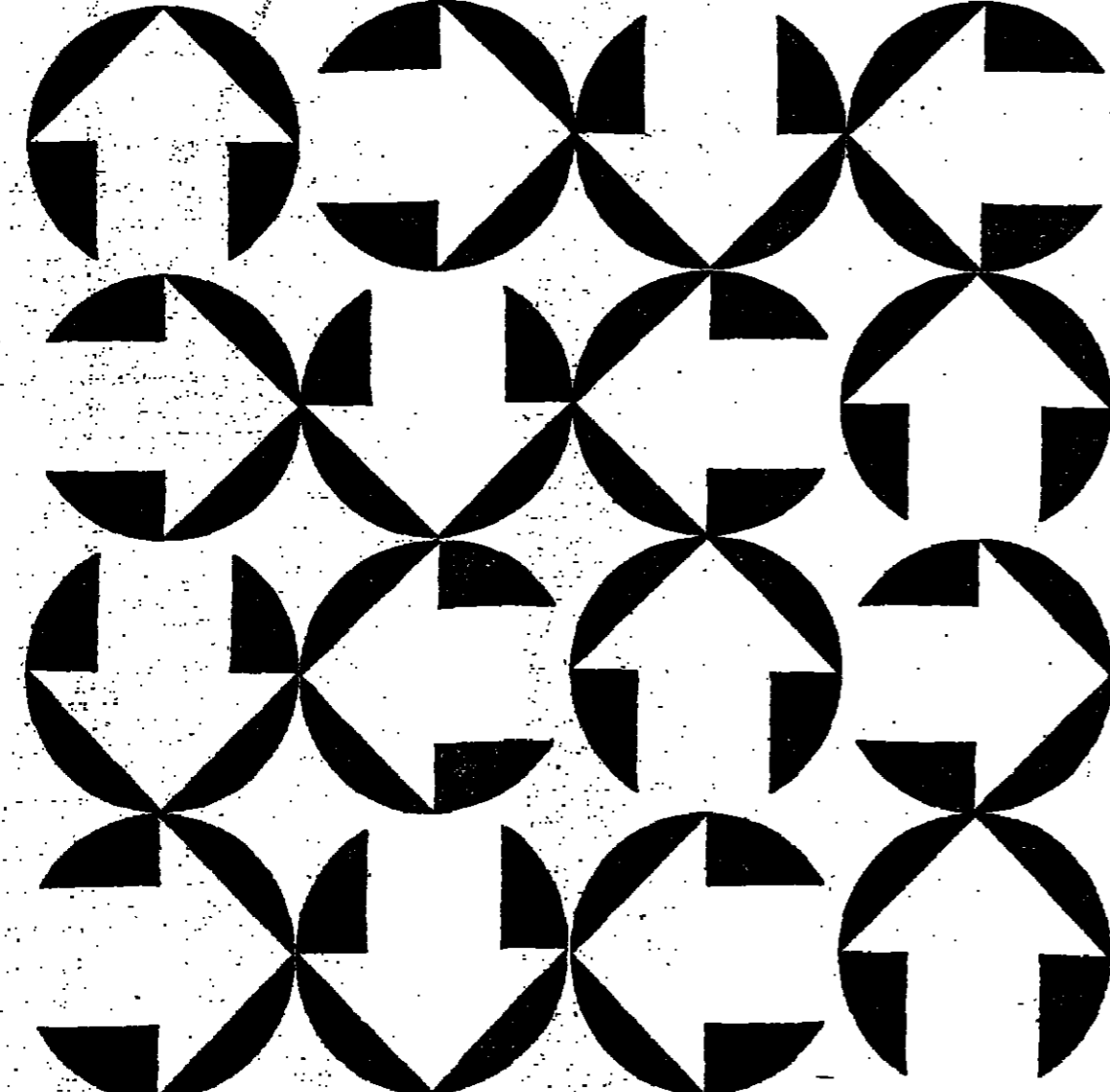
(R) Purchase for redemption purposes by issuer possible. The bonds so purchased may be used for repayment according to plan. (L) Repayment at a premium. (G) Government guarantee. (S) Local Government Guarantee. Yield calculations are based on the middle price.

Table of financial data for various companies, including columns for company name, price, and other financial metrics.

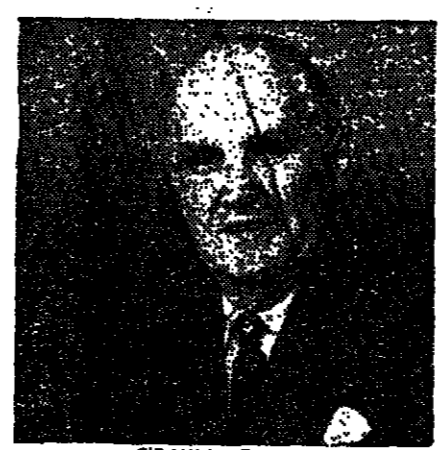
Table of financial data for various companies, including columns for company name, price, and other financial metrics.

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cedel the international eurobond clearing system



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SIR IAN McLENNAN

Four major developments, each involving BHP in new markets and new technology were outlined by the company's Chairman, Sir Ian McLennan, at the annual meeting held in Melbourne on Tuesday, September 27, 1977. These are some of the highlights of his address—

Business Outlook "We now recognise that the world steel industry is passing through its worst depression since the thirties... and economic recovery is proving to be slower and more painful than many had expected. We see a reduction of unemployment and a desirable increase in national productivity as stemming largely from the conditions in which there is a substantial increase in private investment and an unmanageable rate of inflation will always hinder this."

Major Coal Interests "We now have a significant place in Australia's coal export business, obtained through our purchase of the Peabody interest in what is now Thiess Dampier Mitsui Coal Pty Ltd. (TDM) and also through our newly obtained contracts with Japanese steel mills for coal from our Gregory mine development. We believe that there is scope for the further expansion of the TDM mines. The Gregory coal project is based on a high quality deposit further north-west in the Bowen basin, near Emerald. It was discovered in the course of the Company's own exploration programme."

North West Shelf "The North West Shelf project will be, without qualification, the largest resource development ever undertaken in Australia. If it goes ahead, it will involve investment by the partners in excess of \$2 000 000 000 over five years, with up to 5000 people engaged in construction. Ok Tedi Copper "In the context of new projects, I should also refer to the feasibility study of the copper prospect at Ok Tedi, in the Star Mountains in Papua New Guinea... the study is to be completed by May 1979. It is unlikely that any final decision on the project will be taken before 1980..."

Taxation Changes "The announcement in the budget speech of an increase in the rate of company tax by 3.5 cents in the dollar to 46 cents in the dollar was extremely disappointing. This change represents an 8.2 per cent increase in tax and it must be recognised as a heavy burden on the corporate sector..."

BHP ANNUAL MEETING

"New projects, new markets" - SIR IAN McLENNAN

Table titled 'BHP Group Results - 1977' showing financial data for 1977 and 1976, including sales, profit, and other metrics.

Accounting for Inflation "For the first time, the inflation adjustment applied to our accounts for one year was more than \$100 000 000. There are many facets to the problem of accounting for inflation—the basic issue of funding the replacement of assets, the interests of shareholders, and the corporate environment in which we operate are a few of them. These are continually under review."

Employee Relations Progress "During the year increased attention has been given to the area of employee relations throughout the Group. All sections of senior management are involved... we have had the assistance of leading consultants in the field. The search for improved communications and understanding among men and women working in industry is one of the most important matters we have before us..."

Printed copies of this address are available from: The Secretary, The Broken Hill Proprietary Co. Limited, BHP House, 140 William Street, MELBOURNE 3008 AUSTRALIA

Table with columns: ISSUED/ESTIMATED (MIO), YEAR OF ISSUE, BORROWER'S COUPON/MATURITY, PRICE, LIFE/AVERAGE LIFE, YIELD TO MATURITY, CURRENT YIELD, NEXT CALL PRICE, NEXT DATE, SECURITY, LEAD MANAGER, MARKET MAKERS. Contains financial data for various bonds.

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Table with columns: ISSUED/ESTIMATED DATE, YEAR OF ISSUE, BORROWER/COUPON MATURITY, PRICE, LIFE/AVERAGE LIFE, YIELD TO MATURITY, CURRENT YIELD, NEXT CALL DATE, MARKET MAKERS. Contains multiple rows of financial data.

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Advertisement for Hidroelectrica de Cataluna, S.A. featuring a large logo, the text 'NEW ISSUE \$100,000,000 New Zealand Seven Year 7 1/2% Notes due 1984', and a list of 40 international financial institutions.

Table with columns: ESTIMATED VALUE, YEAR OF ISSUE, BOND/ISSUE, PRICE, LIFE, AMPLITUDE, YIELD TO MATURITY, CURRENT YIELD, NET CALL PRICE, NEXT CALL DATE, SECURITY, LEAD MANAGER, MARKET MAKERS. Contains financial data for various bonds.

Table with columns: ESTIMATED VALUE, YEAR OF ISSUE, BOND/ISSUE, PRICE, LIFE, AMPLITUDE, YIELD TO MATURITY, CURRENT YIELD, NET CALL PRICE, NEXT CALL DATE, SECURITY, LEAD MANAGER, MARKET MAKERS. Contains financial data for various bonds.

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Table of convertible bonds with columns for issuer, estimated value, coupon, maturity, and market makers.

Table of corporate bonds with columns for issuer, estimated value, coupon, maturity, and market makers.

Table of government bonds with columns for issuer, estimated value, coupon, maturity, and market makers.

EXPLANATORY NOTES AND ABBREVIATIONS

- STINGS: = Antwerp, = Amsterdam, = American Stock Exchange, = Brussels, = Beirut, = Dublin, = Dusseldorf

- TYPE OF GUARANTEE OR SECURITY: GUARANTEES: = Government, = Guarantee, = State or Local Govt. OTHER SECURITY: = Collateral Cover, = First Mortgage, = Negative Pledge

- GENERAL REFERENCES: GENERAL-ATTACHED TO NAME OF BORROWER: = Domestic Management Group, = Bondholders' option to redeem loan prior to maturity, = Private or semi-private placement, = Principal/interest payable in more than two currencies, = Withholding taxes (with percentage rate %), = With warrants, = Ex-warrants

- ATTACHED TO NEXT S/F AMOUNT: = Purchase funds-the amount shown is the annual total, not total to be next coupon date, which may be applied. The year associated with the amount shown relates to the end of the purchase period.

- CONVERTIBLE ISSUES: = share price is always denominated in the same currency as the conversion price. Please note that where the premium is shown, it is shown in premium/discount column. The following convertible bonds are subject to convertibility into the indicated stocks.

Table of convertible issues listing issuer, year, and convertible into.

OTHER NOTES

The amounts shown as remaining outstanding are estimated by applying the scheduled sinking fund instalments. These are further adjusted where a non-cumulative option to double sinking fund payments has been exercised. Yields are calculated in accordance with Rule 803 of 'Statutes, By-Laws, Rules and Recommendations' of the AIBD using compound interest throughout. Negative yields are not shown.

Union Bank of Switzerland (Lux.) S.A. 1981 differs from other convertibles in that the bonds are denominated US\$1500 and each bond is convertible into 1 Bearer share of S.Fr.500 nominal value of S.Fr.5.

Credit Suisse (Bahamas) 41 1981 differs from other convertibles in that the bond is denominated US\$1000 and each bond is convertible into 1 Bearer Share of S.Fr.300 nominal value of Credit Suisse.

The following convertible issues have conversion rights which expire prior to maturity:

Table of convertible issues with columns for name of bond, maturity, and conversion rights.

The following convertible issue has been called for redemption at 104% on 30th Sept. 1978.

Z. DENOMINATION OF NON-DECLAR BONDS: Euro-binders-all denominated in ECU, French Franc-all denominated with the exception of Aerospaciale, European Coal & Steel 7% 1983, European Coal & Steel 7 3/4% 1991, Francaise de Petrole, Philips Lamps 10 1/2% 1980, Russe-Uclaf, SOSPAD.

STERLING-DEUTSCHE MARKS: Enso Gutzeit 6 1/2% 1980, ICI 8% 1980, Ireland 7 1/2% 1981, Ireland 7 1/2% 1985, New Zealand 6 1/2% 1982, New Zealand 7 1/2% 1978, Mobil 6 1/2% 1980, Rohm and Haas 6 1/2% 1982, Sira Kyria 7 1/2% 1983, Slater Walker 7 1/2% 1987, Swedish Lamps 5 1/2% 1980, Turin 8 1/2% 1984, U.S. Rubber 6% 1980.

COUNTRY - JAPAN

- Dollar issues convertible at fixed rate of \$1 = 360.0 Yen: Dai Nippon Printing 61 1986, Fuji Photo Film 61 1983, Hitachi 61 1979, Hitachi 61 1984, Komatsu Manufacturing 61 1984, Mitsubishi Electric 61 1985, Mitsubishi Shoji Kaisha 71 1985, Takeda Chemical Ind. 61 1984, Toshiba Electric 61 1985.

- Dollar issues convertible at fixed rate of \$1 = 305.0 Yen: Mitsubishi Electric 71 1991, Mitsubishi Heavy Ind. 61 1991.

- Dollar issues convertible at fixed rate of \$1 = 308.0 Yen: Asahi Chemical 61 1980, Kubota Electric Co. 61 1980, Matsushita Elec. Ind. 61 1990.

- Dollar issues convertible at fixed rate of \$1 = 302.7 Yen: Sanyo Electric 71 1990.

- Dollar issues convertible at fixed rate of \$1 = 301.0 Yen: Mitsubishi Corporation 61 1991.

- Dollar issues convertible at fixed rate of \$1 = 290.0 Yen: Mitsui and Co. 61 1989.

- Dollar issues convertible at fixed rate of \$1 = 288 Yen: Mitsui and Co. 71 1990.

- Dollar issues convertible at fixed rate of \$1 = 285.5 Yen: Toshiba 61 1990.

- Dollar issues convertible at fixed rate of \$1 = 294.2 Yen: Komatsu Ltd. 71 1990.

- Dollar issues convertible at fixed rate of \$1 = 293.55 Yen: Kubota Electric Co. 61 1991.

- Dollar issues convertible at fixed rate of \$1 = 283.0 Yen: Mitsubishi 71 1990.

- Dollar issues convertible at fixed rate of \$1 = 287.5 Yen: Sanjomo Metal Ind. 61 1982.

- Dollar issues convertible at fixed rate of \$1 = 280.0 Yen: Pioneer Electronic 61 1989.

- Dollar issues convertible at fixed rate of \$1 = 273.0 Yen: Canon 71 1989, Eidal 71 1989.

COUNTRY - UNITED KINGDOM

- Dollar issues convertible at fixed rate of \$1 = \$2.60: Slater Walker Int. Fin. 51 1987.

COUNTRY - SINGAPORE

- Dollar issues convertible at fixed rate of \$1 = \$2.32: United Overseas Bank 61 1988.

COUNTRY - SOUTH AFRICA

- Dollar issues convertible at fixed rate of R1 = \$1.40: Rand Selection 61 1988.

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 30th September, 1977

SOCIETE GENERALE De BANQUE BANQUE GENERALE Du LUXEMBOURG

Table of investment funds with columns for fund name, price, first issue price, yield, div. date, and 1976/77 high/low.

CONVERTIBLE INTO

Table of convertible issues listing issuer, year, and convertible into.

COUNTRY - FRANCE

- Dollar issues convertible at fixed rate of \$1 = F.Frs.554: Michelin Int. Dev. 61 1985, Suez Union Paris 61 1985.

COUNTRY - NETHERLANDS

- Dollar issues convertible at fixed rate of \$1 = D.Fls.60: Alkermidams Convertibles 61 1985.

COUNTRY - HONG KONG

- Dollar issues convertible at fixed rate of \$1 = \$1.07: Shell Int. 61 1989.

COUNTRY - FRANCE

- Dollar issues convertible at fixed rate of \$1 = F.Frs.554: Michelin Int. Dev. 61 1985, Suez Union Paris 61 1985.

COUNTRY - NETHERLANDS

- Dollar issues convertible at fixed rate of \$1 = D.Fls.60: Alkermidams Convertibles 61 1985.

COUNTRY - HONG KONG

- Dollar issues convertible at fixed rate of \$1 = \$1.07: Shell Int. 61 1989.

Table with columns: ISSUED/ESTIMATED YEAR OF ISSUE, YEAR OF MATURITY, BOND PRICE, BOND YIELD, BOND RISK, MARKET MAKERS. Lists various bonds with their respective prices and yields.

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DILLON, READ OVERSEAS CORPORATION

10 Chesterfield Street, London, W.1. Tel: 01-493 1239 or 01-491 4774 Telex 8811055

JAPANESE DOLLAR DEPOSITARY RECEIPTS

Table listing Japanese Dollar Depositary Receipts with columns: Names, Close at 7/10/77, Names, Close at 7/10/77. Includes entries like Honda, Ito Yokada, etc.

WestLB Euro-Deutschmark bond Quotations

Table with columns: Issue, Middle Price, Current Yield, Life, Yield to Maturity, Department. Lists various Euro-Deutschmark bonds with their prices and yields.

'Life' and 'Maturity' appear in years and decimals of years and are—in this context—calculated as follows: —to final maturity in case of a lump-sum repayment...

New Issue October 5, 1977

CAISSE NATIONALE DES TELECOMMUNICATIONS Paris

U.S. \$ 75,000,000

8 1/4% U.S. Dollar Bearer Bonds of 1977/1989

unconditionally guaranteed by THE REPUBLIC OF FRANCE

Table listing various banks and financial institutions under the heading 'unconditionally guaranteed by THE REPUBLIC OF FRANCE'. Includes Union Bank of Switzerland, Deutsche Bank, etc.

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WestLB Euro-Deutschmarkbond Quotations and Yields

Issue	Middle Price	Current Yield	Life*	Yield to Maturity	Annual interest payable as % of nominal value	Issue	Middle Price	Current Yield	Life*	Yield to Maturity	Annual interest payable as % of nominal value	
10% ADELA 76/83	104.78	7.64	5.50	6.92	1.483	7%	ESTEL 73/88	104.50	7.42	6.52	6.86	1.879-88S
10% ADELA 77/82P	101.00	7.18	4.71	6.98	1.682	8%	ESTEL 74/85	104.48	6.80	7.14	1.883-85S	
10% ADELA 77/82P	101.00	7.18	4.71	6.98	1.682	9%	ESTEL 74/85P	105.00	8.10	5.42	7.33	1.883-85S
10% AEG 66/81	100.25	6.98	4.83	6.73	1.882	10%	Eurofina 61/79	100.00	5.80	3.33	5.48	1.878-79D
10% Airport Paris 69/84P (G)	100.25	6.98	4.83	6.73	1.882	5%	Eurofina 62/80	100.00	5.80	2.15	4.99	1.878-80D
10% AKZO 75/82P	100.00	8.41	3.33	6.40	1.375-81D	6%	Eurofina 63/80	104.25	6.24	3.34	5.08	1.971-81D
10% AKZO 75/82P	100.00	8.41	3.33	6.40	1.375-81D	7%	Eurofina 71/86	105.00	7.38	4.13	6.32	1.275-86D
10% Airbus Int'l 75/83	104.25	7.43	5.67	6.81	1.282	6%	Eurofina 72/87	101.75	6.14	5.18	5.85	1.975-87D
10% AMEX Int'l 77/84P	108.90	7.58	4.81	6.06	1.881-83D	6%	Eurofina 73/88	102.10	6.37	5.13	6.00	1.975-88D
10% A.P.E.L. 74/81 (G)	104.00	6.49	6.50	5.98	1.484	10%	Eurofina 74/89	106.25	7.53	5.68	6.64	1.1077-88D
10% ARBED Finance 76/83P	106.00	9.43	2.62	7.38	1.1277-81D	10%	Eurofina 75/85	107.75	9.28	2.17	6.51	1.1277-85D
10% ARBED Finance 76/83P	103.00	7.52	6.08	7.12	1.113	8%	Eurofina 76/83	108.50	7.87	5.33	6.07	1.283-83D
10% Ardal-Sunddal 75/82P	98.50	6.85	9.67	6.96	1.682-87S	6%	Eurofina 77/87P	104.00	6.49	7.27	6.05	1.283-87D
10% Ardal-Sunddal 77/80P	106.00	8.25	3.75	6.86	1.1270-79S	6%	Europ. Inv. Bank 68/78	101.25	6.62	0.67	4.61	1.678
10% Argentine 67/79	101.00	6.68	8.08	6.58	1.1071-78S	6%	Europ. Inv. Bank 69/84	101.25	5.93	3.31	5.66	1.375-84D
10% Argentine 68/78	100.15	6.99	1.66	6.88	1.781	7%	Europ. Inv. Bank 69/84	104.00	6.73	2.97	5.94	1.1173-84D
10% Argentine 69/79	102.60	6.71	1.00	6.58	1.782-89S	8%	Europ. Inv. Bank 70/80	105.95	7.25	2.59	5.57	2.580
10% Argentine 77/84	100.75	7.44	7.00	7.36	1.1272-77S	7%	Europ. Inv. Bank 71/86	106.05	7.07	4.22	5.95	1.377-86D
10% Asian Dev. Bk. 69/84	103.90	6.74	3.80	5.92	1.975-84S	7%	Europ. Inv. Bank 71/86	104.90	7.29	4.79	6.53	1.1077-86D
10% Asian Dev. Bk. 75/80P	106.00	8.02	3.12	6.31	16.11.80	6%	Europ. Inv. Bank 72/87	101.75	6.57	6.05	6.18	1.378-87D
10% Asian Dev. Bk. 76/82	106.00	7.55	4.42	6.38	1.382	6%	Europ. Inv. Bank 72/87	101.75	6.57	6.05	6.18	1.378-87D
10% Asian Dev. Bk. 77/83	105.00	7.38	5.50	6.62	1.483	6%	Europ. Inv. Bank 73/88	102.75	6.81	6.45	6.46	1.1779-88S
10% ASKO 75/80P	103.10	6.79	7.50	6.46	1.485	6%	Europ. Inv. Bank 73/88	102.75	6.81	6.45	6.46	1.1779-88S
10% Aumar 73/88 (G)	107.00	8.89	2.50	7.35	1.480	10%	Europ. Inv. Bank 74/89P	110.50	9.05	3.92	6.85	1.981
10% Aumar 76/84 (G)	109.25	7.43	6.35	6.35	15.877-84D	8%	Europ. Inv. Bank 75/80	106.75	7.89	3.17	5.60	1.1280
10% Aumar 77/84 (G)	103.00	7.52	6.75	7.16	1.1784	9%	Europ. Inv. Bank 75/80	111.50	8.52	4.23	6.30	1.181-83D
10% Australia 67/82	104.25	6.24	2.52	4.67	1.1783-82S	9%	Europ. Inv. Bank 76/83	107.00	7.48	4.21	6.06	1.780-83D
10% Australia 68/83	106.00	6.37	3.27	4.80	1.874-83S	7%	Europ. Inv. Bank 76/83	106.50	7.38	6.00	6.43	1.1083
10% Australia 69/84	103.55	6.28	3.23	5.36	1.275-84S	6%	Europ. Inv. Bank 76/84	103.60	5.52	5.63	5.97	1.1281-84D
10% Australia 72/87	105.40	6.88	3.97	5.79	1.1175-84S	8%	Europ. Inv. Bank 77/89	99.20	6.45	11.83	6.09	1.1281-89D
10% Australia 74/80	106.50	6.97	5.07	5.49	1.278-87S	8%	Eurotoplasts 71/86 (G)	103.70	7.96	4.10	7.32	1.277-86D
10% Australia 75/82	111.90	8.04	4.33	5.80	1.1080	8%	Eurotoplasts 72/87 (G)	102.40	7.81	4.45	7.49	1.178-87D
10% Australia 75/82 IP	100.00	7.78	4.50	6.45	1.482	10%	Fin. Inst. f. Dan. Ind. 74/87P	103.00	10.19	1.08	7.49	1.1175-76D
10% Australia 75/82 HP	106.00	7.78	4.58	6.47	1.582	7%	Fin. Inst. f. Dan. Ind. 76/81P	101.75	7.37	3.00	6.82	1.1278-81S
10% Aust. Ind. Dev. Corp. 72/87	107.50	6.74	5.42	6.60	1.383	6%	Finland 64/80	100.75	5.36	1.51	5.61	1.970-80D
10% Austr. Ship. Com. 76/83P (G)	102.75	6.37	3.34	6.13	1.1178-87D	7%	Finland 68/83	102.00	6.86	3.00	6.37	1.672-83D
10% Rep. of Austria 69/82 (G)	103.25	6.73	2.45	5.64	1.475-82S	6%	Finland 68/83	100.80	6.70	3.57	6.60	1.1272-83D
10% Rep. of Austria 69/83	102.75	6.33	2.92	5.54	1.475-83S	7%	Finland 69/84	101.85	6.87	3.46	6.49	2.573-84D
10% Rep. of Austria 74/79P	106.00	8.96	1.75	5.77	1.779	7%	Finland 69/84	103.20	7.27	3.87	5.66	1.1073-84D
10% Rep. of Austria 74/80P	107.00	9.07	3.08	6.95	1.1180	7%	Finland 70/84	104.25	6.83	4.48	7.30	1.1276-85S
10% Rep. of Austria 74/81P	108.00	9.03	4.17	7.43	1.1281	8%	Finland 72/87	101.85	6.87	4.74	6.65	1.678-87S
10% Rep. of Austria 75/80P	106.00	8.96	2.62	6.61	1.280	7%	Finland 76/84	105.10	6.71	5.13	6.78	1.681-85S
10% Rep. of Austria 75/81P	107.00	9.27	3.67	6.85	1.680	7%	Fin. Kommunal 69/81 (G)	103.00	7.28	2.63	6.34	1.1272-81D
10% Rep. of Austria 75/82P	106.50	8.22	2.96	6.25	1.482-82D	8%	Fin. Kommunal 71/83 (G)	103.50	7.73	2.99	6.79	2.576-83D
10% Rep. of Austria 75/83	107.25	8.39	3.33	7.29	1.283	8%	Forsmarks 75/83 (G)	106.80	7.72	4.21	6.35	1.780-83D
10% Rep. of Austria 75/83P	107.00	8.18	3.44	6.40	1.479-83D	7%	Francelet 76/83 (G)	104.50	7.18	6.04	6.57	16.10.83
10% Rep. of Austria 75/87	107.00	7.88	5.27	6.68	1.578-87S	7%	Francelet 77/84 (G)	104.25	6.83	6.48	7.30	1.1281
10% Rep. of Austria 76/86	107.75	7.19	7.05	6.34	2.583-86S	9%	Fuji Heavy 76/81P	104.00	6.73	4.17	5.88	1.1281
10% Rep. of Austria 76/86P	103.85	6.50	6.61	6.02	1.483-85S	9%	Gen'l. Instrum. 68/80	102.00	6.86	1.69	5.82	1.671-80S
10% Rep. of Austria 77/87P	104.25	6.58	7.19	6.28	1.183-87D	9%	Gen. Zbk. Vienna 75/82P	108.50	8.53	4.42	6.93	1.382
10% Rep. of Austria 77/87P	103.00	6.55	7.27	6.22	1.483-87D	8%	Gen. Zbk. Vienna 76/83P	105.50	8.06	4.82	7.10	1.282-83D
10% Rep. of Austria 77/87P	99.50	6.03	9.62	6.07	1.984-87D	8%	Giroz. Vienna 74/78P	104.00	9.38	1.17	6.06	1.1278
10% Autopistas 69/84 (G)	101.00	7.18	3.61	7.05	1.773-84S	9%	Giroz. Vienna 74/79P	104.00	9.25	6.15	6.30	1.1279
10% Autopistas 71/86 (G)	103.00	7.77	4.76	7.38	1.1077-86D	9%	Giroz. Vienna 74/80P	107.50	9.07	3.17	7.01	1.1280
10% Autopistas 72/87 (G)	99.30	6.80	5.23	6.91	1.1078-87D	9%	Giroz. Vienna 75/81	104.50	6.70	4.08	5.73	1.1181
10% Banco N. Obrav. 71/86 (G)	103.50	7.37	4.38	7.16	1.1177-86S	9%	Giroz. Vienna 76/83	104.50	6.94	6.08	6.33	1.1183
10% Banco N. Obrav. 75/80P	106.75	6.96	7.92	6.24	1.981	5%	Giroz. Vienna 77/82	99.80	5.51	5.00	5.55	1.1082
10% Banco N. Obrav. 77/82P (G)	100.00	7.25	4.87	7.24	16.882	6%	Glaxo Fin. 71/86	104.50	7.66	4.53	6.94	1.777-86S
10% Banco N. Obrav. 77/84P (G)	97.75	7.16	7.00	7.42	1.1074	9%	Goeteborg 75/85P	109.80	8.90	5.76	7.48	1.281-85D
10% BASF 65/80	102.50	5.85	1.98	6.45	1.1071-80D	6%	Goodyear Tire 72/87	102.25	6.47	3.43	5.81	1.1278-87S
10% BEC Finance 76/83P	103.50	7.25	6.08	7.76	1.1183	7%	Grand Metro 74/79P (G)	99.25	6.87	6.00	6.21	1.81-84S
10% Beecham Fin. 76/83P	101.60	7.87	6.08	7.66	1.1183	6%	Guardian Inv. 73/83P	103.00	5.04	3.27	6.19	1.279-83D
10% Bergen 74/79	109.00	9.17	2.17	5.46	1.1279	6%	Guest-Keen-Neard. 76/83	105.00	7.62	5.99	6.88	2.583-83D
10% Bergen 75/85	109.00	8.03	3.52	6.73	1.581-85D	6%	Hammersley Iron 72/87	103.00	6.62	5.00	6.26	1.778-87S
10% Bergen 77/89	104.50	6.94	7.13	6.43	1.281-89D	8%	Hazama-Gumi 76/81P	106.00	7.55	6.67	6.11	1.681
10% BFCE 75/82 (G)	107.25	6.79	7.13	6.43	1.781-83S	7%	Helinski 68/83	102.50	6.83	3.16	6.21	1.772-83S
10% BFCE 76/84 (G)	107.25	6.94	7.33	6.68	1.782-84S	6%	High. Steel ex w. 66/78	99.85	6.51	0.50	6.70	1.478
10% BFCE 77/87 (G)	102.50	6.83	7.27	6.55	1.283-87S	6%						
10% BNDE 77/87	104.75	8.11	6.89	7.58	1.483(82-87)	10%						
10% Boehler 74/77P	100.00	10.80	0.17	9.59	1.1277							
10% Bore-Warner 69/84	101.70	7.37	3.40	7.05	clidp.1.11.77							
10% Borregaard 75/81P	107.00	8.41	3.58	6.71	1.581							
10% Brascan Int'l 73/88	104.80	8.11	6.66	7.56								
10% Brazil 72/87	98.00	6.89	10.00	7.04	1.1076-87S							
10% Brazil 76/86	107.25	8.12	2.82	7.12	1.1082(80-86)							
10% Brazil 77/87	102.75	6.58	6.58	7.20	1.581							
10% Brenner 68/83 (G)	103.50	6.52	3.25	5.63	1.874							
10% British Gas 69/79 (G)	101.50	6.65	0.99	5.25	1.475-79D							
10% British Gas 69/84 (G)	102.60	6.58	3.38	5.98	1.475-84D							
10% British Petrol 65/80	101.50	5.42	1.65	4.52	1.671-80D							
10% Burmah Oil 70/85	104.00	8.17	4.39	7.55	1.1176-85D							
10% C.C.C.E. 75/85 (G)	107.75	7.89	5.43	6.73	1.481-85D							
10% C.C.C.E. 76/86 (G)	108.00	7.87	7.21	7.04	1.773-86D							
10% C.C.C.E. 77/89 (G)	103.00	6.80	7.67	6.48	1.481-89D							
10% C.C.C.E. 77/89 (G)	103.00	6.80	7.67	6.48	1.481-89D							
10% CECA 65/83	100.25	5.49	2.92	5.39	1.689-83D							
10% CECA 71/86	104.75	7.16	4.38	6.21	1.577-86D							
10% CECA 72/87	101.70	6.39	5.01	6.09	1.778-87D							
10% CECA 72/88	103.60	6.76	5.61	6.20	2.179-88D							
10% CECA 64/79	101.25	6.42										

MARKET MAKERS

- REGION 1 - BELGIUM**
- 105 Bondtrade
 - 110 Dewaay, Sebille, Servais
 - 115 Kredietbank N.V.
- REGION 2 - FRANCE**
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 - 225 Banque Louis-Dreyfus
 - 205 Banque Nationale de Paris
 - 210 Credit Commercial de France Paris
 - 215 Credit Lyonnais
 - 220 Interunion-Banque
- REGION 3 - GERMANY/AUSTRIA**
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 - 305 Deutsche Bank AG
 - 306 Dresdner Bank AG
 - 307 Westdeutsche Landesbank Girozentrale
 - 309 Creditanstalt Bankverein
 - 310 Girozentrale und Bank der Osterreichischen Sparkassen AG

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 - 407 Banco Ambrosiano S.p.A.
 - 409 Banco di Roma
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 - 420 Istituto Bancario Italiano
 - 425 Istituto Bancario San Paolo di Torino
 - 430 Monte dei Paschi di Siena
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 - 510 Banque Internationale à Luxembourg S.A.
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 - 605 Bank Morgan Labouchere N.V.
 - 606 Nederlandse Middenstandsbank N.V.
 - 607 Nederlandse Credietbank N.V.
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 - 740 Den norske Creditbank
 - 710 Copenhague K

- REGION 8 - SWITZERLAND**
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 - 805 Credit Suisse/Swiss Credit Bank
 - 860 Swiss Bank Corporation
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 - 910 Banque Francaise de Credit International Ltd.
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 - 912 Continental Illinois Limited
 - 914 Credit Suisse White Weld Ltd.
 - 915 Daiwa Europe N.V.
 - 916 Dillman, Reed Overseas Corporation
 - 917 Dominion Securities Limited
 - 925 European Bankers Company Ltd.

- 927 The First Boston Corporation
- 930 First Chicago Limited
- 931 Goldman Sachs International Corp.
- 935 Kidder Peabody Securities Limited
- 937 McLeod, Young, Weir International Limited
- 940 Merrill Lynch, Pierce, Fenner & Smith (Brokers & Dealers) Ltd.
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- 945 Nesbitt, Thomson, Loring & Co. Ltd.
- 942 The Nikko Securities Co. (Europe) Ltd.
- 943 Nomura Europe N.V.
- 946 Orion Bank Limited
- 947 Salomon Brothers International Ltd.
- 950 Samuel Montagu & Co. Ltd.
- 955 Scandinavian Bank Limited
- 960 Strauss, Turnbull & Co.
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- 965 Vickers, de Costa & Co. Ltd.
 - 965 S. G. Warburg & Co. Ltd.
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 - 975 White Weld Securities
 - 977 M. S. Wien & Co. Inc.
 - 979 Wobace Investments Limited
 - 980 Wood Gundy Ltd.
 - 990 Yamachi International (Europe) Ltd.
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 - 20 Drexel Burnham & Co. Inc.
 - 30 Kidder, Peabody & Co. Incorporated
 - 32 Kuhn, Loeb & Co.
 - 33 Lazard Freres & Co.
 - 35 Merrill Lynch, Pierce, Fenner & Smith Inc.
 - 60 Salomon Brothers
 - 70 Shields Motal Bond Incorporated
 - 80 UBS DB Corporation
 - 90 White Weld & Co. Incorporated

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- 1—Creditanstalt-Bankverein
- 15—Butler Bank
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- 18—Gutzwiller Kurz Bungenur Securities
- 25—Union Bank of Switzerland (U/W)
- 28—Bankleumi Le-Israel
- 32—Banque de Bruxelles S.A.
- 35—Banque Lambert S.C.S.
- 38—Burnham & Co.
- 43—Kredietbank N.V.
- 46—Societe Generale de Banque S.A.
- 47—Nesbit, Thomson Ltd.
- 64—Wood Gundy Ltd.
- 72—Privatbanker Aktieselskab
- 77—McLeod, Young Weir & Co.
- 82—Banque Nationale de Paris
- 83—Banque de Paris et des Pays-Bas
- 94—Banque Rothschild
- 96—Banque de L'Union Europeenne
- 103—Credit Commercial de France
- 104—Credit Industriel et Commercial
- 105—Credit Lyonnais
- 112—Lazard Freres & Cie
- 117—Societe Generale
- 123—Western American Bank (Europe)
- 138—Commerzbank/Banco di Roma/Credit Lyonnais
- 140—Commerzbank AG
- 143—Deutsche Bank AG
- 150—Wardley Ltd.
- 157—Pkbanken
- 159—Kuwail Int. Inv. Co. S.A.K.
- 162—Arab Financial Consultants
- 165—Union Bank of Switzerland
- 179—Westdeutsche Landesbank Girozentrale
- 183—Jardine Fleming & Co.
- 186—Banca Commerciale Italiana
- 189—Banca Nazionale di Lavoro
- 196—Banco di Roma
- 214—Williams Glyn & Co.
- 218—Orion Bank Ltd.
- 219—Kuwail Inv. Co. S.A.K.
- 221—Banque Europeenne du Luxembourg S.A.
- 222—Banque Generale du Luxembourg S.A.
- 223—Banque Internationale à Luxembourg S.A.
- 224—Banque Lambert, Luxembourg S.A.
- 229—Investors Bank, Luxembourg S.A.
- 230—Kredietbank S.A., Luxembourgeoise
- 234—UBS—DB Corp.
- 235—Riyth, Eastman Dillon & Co. Int.
- 236—Algemene Bank Nederland N.V.
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- 245—Bank Mees & Hope N.V.
- 247—Nederlandse Credietbank N.V.
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- 256—Royal Bank of Scotland
- 272—Skandinaviska Enskilda Banken
- 273—Svenska Handelsbanken
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- 289—Baring Brothers & Co.
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- 316—Hill Samuel & Co. Ltd.
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- 323—London Multinational Bank Ltd.
- 328—Kleinwort Benson Ltd.
- 327—Kuhn Loeb Int.
- 328—Lazard Brothers & Co. Ltd.
- 332—Manufacturers Hanover Ltd.
- 335—Morgan Grenfell & Co. Ltd.
- 336—National Westminster Bank Ltd.
- 337—Nikko Securities Co. (Europe) Ltd.
- 338—Kuwail International Finance Co SAK
- 343—Robsons N.V.
- 346—Rothschild, N. M. & Sons Ltd.
- 350—J. Henry Schroder, Wagg & Co. Ltd.
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- 353—Singer & Friedlander Ltd.
- 354—Sumitomo Finance International
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- 378—Bear Sterns & Co.
- 386—Brandt (Wm.) Sons & Co.
- 389—Kuwail Financial Centre
- 396—Daiwa Securities & Co. Ltd.
- 397—Dean Witter International Inc.
- 398—Dillon Read & Co. Ltd.
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- 412—First Boston (Europe) Ltd.
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- 425—Hayden Stone Inc.
- 426—Interunion—Banque
- 437—Kidder, Peabody & Co. Inc.
- 438—Riyth, Eastman Dillon & Co. Inc.
- 440—National Commercial Bank Saudi Arabia
- 441—Kuhn Loeb & Co.
- 445—Lazard Freres & Co.
- 447—Lehman Brothers
- 449—Loeb Rhoads & Co.
- 454—Merrill Lynch, Pierce, Fenner & Smith
- 456—Morgan & Cie International
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- 479—Salomon Brothers
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- 511—Merrill Lynch Intl. Bank Ltd.
- 517—Credit Suisse-White Weld Ltd.
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- 525—Banque Arabe et Int. D'Invest
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ÅRDAL OG SUNNDAL VERK a.s.

(Incorporated in Norway with limited liability under the Norwegian Joint Stock Companies Act)

US\$ 15,000,000
8 1/2 % Notes due 1992

Hill Samuel & Co. Limited Salomon Brothers International Limited

The above Notes were placed privately

September 1977

Creditanstalt-Bankverein—your partner in Austria for dealing in Austrian Schilling Bonds and International Bonds of Austrian issuers

Selected Austrian Schilling Bonds of Austrian issuers	Middle Price	Average Life	Yield to average life	Current Yield	Redemption (mandatory drawings by lot)
<i>maturity up to 5 years</i>					
8 % Invest 1973/11/18/82	100.—	3.11	8.74	8.—	20.11.74-82 at 102.0 to 102.5
8 % Invest 1974/8/82	101.75	2.48	8.89	7.86	1. 4.76-82 at 104.0 to 104.5
8 1/2 % Energie 1974/5/80	99.50	2.10	8.90	8.54	75.11.77-80 at 100.0 to 100.5
8 1/2 % Innsbruck 1974/8/82	99.10	3.05	8.99	8.58	19.11.75-82 at 100.5
8 1/2 % Kärnten 1975/8/81	100.30	1.91	8.90	8.47	7. 3.78-81 at 101.0 to 101.5
8 1/2 % Steir. Wasserkraft 1975/8/81	100.10	1.94	8.90	8.49	18. 3.78-81 at 101.0
8 1/2 % Steyr-Daimler-Puch 1974/8/81	99.75	2.55	8.80	8.52	29.10.75-81 at 100.5

<i>maturity over 5 years</i>					
8 % Österreich 1969/8/84	98.50	3.73	8.99	8.12	1. 7.70-84 at 100.0 to 102.0
8 1/2 % Österreich 1975/5/83	99.40	2.90	8.98	8.55	5. 3.76-83 at 100.0 to 101.0
8 1/2 % Österreich 1975/5/11/85	100.25	5.13	9.—	8.48	27.11.79-85 at 103.0 to 103.5
8 1/2 % Österreich 1976/5/86	99.25	5.86	9.05	8.56	20. 2.81-86 at 101.5 to 104.0
8 1/2 % Wien 1975/8/83	98.50	3.05	9.12	8.63	29. 4.76-83 at 100.0
8 1/2 % CA-BV 1975/11/8/85	100.—	4.59	8.76	8.50	11.11.76-85 at 101.0 to 101.5
8 1/2 % Energie 1975/11/8 + 5/85	100.30	5.05	9.02	8.47	29.10.79-85 at 103.5
8 1/2 % Sempert 1975/8/84	99.50	3.69	9.05	8.54	18. 6.76-84 at 101.0 to 103.0

Selected US\$ Bonds of Austrian issuers	Yield
5 3/4 % Voest 63/78	6 3/4 % Rep. of Austria 67/82
5 3/4 % Alpine Montan 65/85	8 3/4 % Rep. of Austria 76/90
6 3/8 % Austrian Electricity 66/86	8 1/4 % Tauernautobahn 77/87
6 3/4 % Austrian Electricity 67/82	7 % Österreichische Kontrollbank 77/80
6 % Rep. of Austria 64/84	7 1/2 % Österreichische Kontrollbank 77/82
9 1/2 % Österreichische Kontrollbank 74/79	in Austrian Schilling (traded in US\$ only)

Interest is payable without deduction for or on account of Austrian taxes.
For current prices and further information please contact:
For Austrian Schilling Bonds: Robert Jekl, Robert Wasinger
(Telephone: 6622/1701 or 1707, Telex: 74261-63)
For International Bonds: Walter Vogl (Telephone: 6622/2222, Telex: 76948)
Code for Reuter Monitor Securities Program: CA DA, CA DB

Creditanstalt-Bankverein
Schottengasse 6, A 1010 Vienna.

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A crisis of financial success

BY ANTHONY HARRIS

SPITE of the confident words of the Chancellor and the Prime Minister in Brighton, the financial recovery of the last year, especially the recovery of sterling, has now got past the point where it can be regarded as the foundation for a general recovery in the industrial economy. It has reached the point where some officials are beginning to feel that the system is almost out of control in the upswing and it was in the downswing last year, and could go seriously wrong unless some quite uncomfortable decisions are soon made.

The problems essentially date from the decision in July to stabilise the effective exchange rate of sterling, as a contribution to reducing inflation, rather than to go on down with the dollar. The lessons of other countries which have struggled in the past to contain a strong demand for their currency had been overlooked; it was generally expected that the dollar rise against the dollar would not be as sharp as it actually happened; but at the time the forecasts were made, the dollar was rising in July, and in August, but in September, after the news that the 12 financial base for the Barber with rule, foreign buying had been more active. The published figures certainly overstated its full extent, and the fact that the publication of the September reserve figures provoked other inflow. The process has some self-feeding.

In the very short term, these financial flows are manageable. They have, only a modest immediate impact on the domestic money supply, for a minimum lending rate fell a number of reasons. There has been a large direct foreign buying of Government stock, so far as the inflow takes this form, it is self-financing. There has also been a remarkable rise in non-resident sterling bank deposits, which are not counted in the domestic money supply, as corporate treasurers overseas have decided that London is a safer cash balance. So far as British companies have benefited from the inflow, their need for bank credit has been reduced. For some time, in short, an inflow of money supply, as further banks build up their holdings of Treasury bills as a base for future lending, and money market interest rates are forced down.

However, officials can only too easily remember what followed from a rather similar chain of events in 1971-72, when the balance of payments was strong and sterling appeared to be a time to be a hard currency. As long as the downward pressure persisted, there was little visible domestic result, but once credit demand began to rise, there was nothing to restrain it. The initial financial base for the Barber with rule, foreign buying had been more active. The published figures certainly overstated its full extent, and the fact that the publication of the September reserve figures provoked other inflow. The process has some self-feeding.

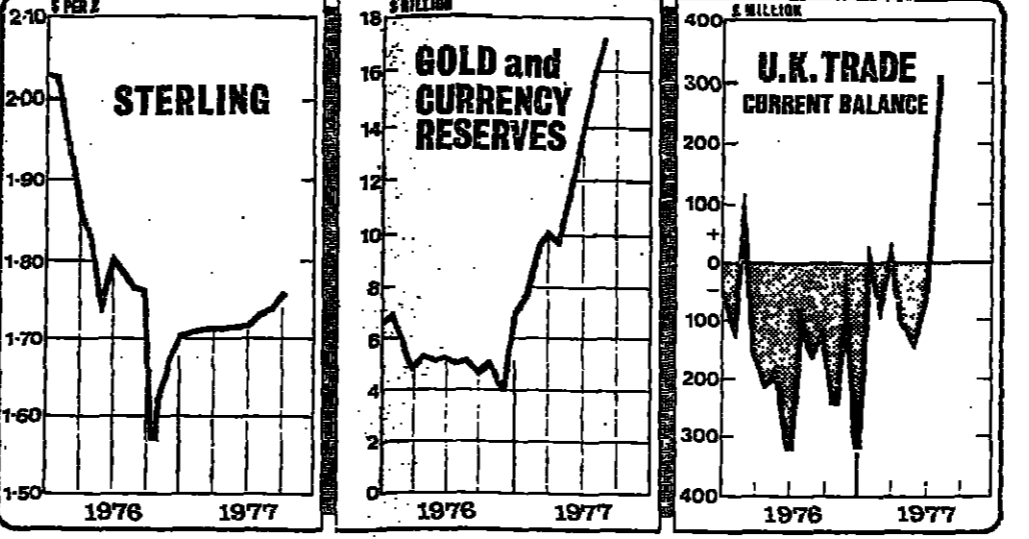
Explosion

There is no question, of course, of permitting another credit explosion of this kind; but if it became necessary to prevent it, the authorities would be in a true dilemma, as the German authorities have been in the past, when a low interest rate would encourage borrowing, while a high one would attract a flood of money from overseas. The fact that the minimum lending rate fell a number of reasons. There has been a large direct foreign buying of Government stock, so far as the inflow takes this form, it is self-financing. There has also been a remarkable rise in non-resident sterling bank deposits, which are not counted in the domestic money supply, as corporate treasurers overseas have decided that London is a safer cash balance. So far as British companies have benefited from the inflow, their need for bank credit has been reduced. For some time, in short, an inflow of money supply, as further banks build up their holdings of Treasury bills as a base for future lending, and money market interest rates are forced down.

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gets, something else will have to give. Either the Government must refuse to meet the foreign demand for sterling, or in other words, allow the pound to float upwards; or something must be done to check or balance the inflow itself. The argument over the exchange rate has become rather polarised by the experience since July. If even the move to a stable effective exchange rate—which means, by definition, that sterling's rise against the dollar is outpaced by other currencies—has provoked an almost unmanageable inflow, it is clear there is extremely limited scope to manage the exchange rate at all.

A completely stable rate against the dollar, which would allow no capital profit in switching, might have limited speculative interest, and it might still be possible at that point to revert to a dollar yardstick; but it is now broadly accepted in Whitehall that if



sterling is allowed to rise at all noticeably in effective terms, there will be little chance of stopping short of a free float. While this would certainly restore monetary control at home—very quickly, and would help to reduce future price increases, it is not a policy that appeals to many officials, while

mistake have largely lost their faith in devaluation as a way of protecting exports, because of the impact on domestic prices feeds so quickly through to wage demands that the depreciation is soon matched by a rise in costs. Only a hard core of devaluationists, such as Mr. Brian Gould and his co-authors of a Fabian

stable as can be achieved in a full freedom, the London market would be opened to foreign borrowers. Sterling issues by such bodies as the World Bank, or by multinationals operating in this country, would be much less upsetting to political sensitivities than would a simple permission for British investors to buy foreign stocks.

The question, then, is how to ensure that it is workable. The seemingly obvious way to stop an embarrassing tide of money is by administrative fiat; but Canute would not have a ready audience in Whitehall. Inward exchange controls were largely ineffective in this country in 1971, and did little for the Germans in the late 1960s. In spite of persistent rumours, this seems the least likely answer.

The second approach is to permit or encourage some matching outward flow of capital. A simple abolition of exchange controls might be very difficult for a Labour Government to stomach, but less radical measures could still have a large effect. For example, British banks were forbidden last year to finance third-country trade in sterling. This emergency measure could be cancelled. Permitted direct investment overseas by British companies must be financed abroad; the necessary borrowing could be done in London.

It is also worth noting that if all export credit were financed in sterling, then the prospective current surplus would tend to be reflected in the Bank of England Bulletin, in that a fall surplus would be matched, before long, by rising Government oil revenues, and will only feed through to the private sector through Budget concessions. Net export credit should comfortably exceed the non-oil economic surplus, points to the virtues of an exchange rate as

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Ticklish

It is over this ticklish question that the decisions are most urgently needed: for paradoxically enough the case for liberalising capital flows is even stronger if we were forced to float than if we maintained a stable rate. It should be possible to sell enough Government stock to mop up the domestic overspill of the inflows under a stable rate policy, though not so easily as in the past year; all that is required is strong nerves and a willingness to disregard the potentially high cost of financing official dollar holdings in this way. In a free float, however, the one-way flow of private capital is a guarantee that sterling will rise disruptively higher than it would do otherwise.

For the slightly longer term, though, a "fixed rate" policy may demand a further overhaul of the techniques of Government financing and domestic monetary control, which worked so badly last year, and so well since. There have been important innovations—floating-rate bonds and part-paid stocks—but basically the authorities have been carried to success by the bull market. It remains to be seen whether their techniques will suffice in the more turbulent conditions which will return when the bull market is finally exhausted.

Letters to the Editor

Investing in Shelton

As the Chairman, Shelton shares Council... Mr. Charles Villiers visited the plant recently and in common with others was impressed by the optimistic spirit of the men... Mr. Villiers said that during his visit to the U.S., Shelton's premises were received with acclamation by the Americans, Shelton being omnivorous with quality and ability. Commitment by the BSC was given for international standards of manufacturing... The Department of Energy beams the fact that many of the unutilised homes in the country belong to poorer people who can least afford to waste heat. Instead of complaining about this to the general public, how diverted its efforts towards making the Government understand the position. After all, no one but a pyromaniac actually enjoys seeing his hard-earned cash literally going down the chimney—the alternative of an immediate need for warmth and a long-term investment, most people will understandably plump for the former.

Moaning on the fence

From the Managing Director... The article entitled "Keat" waste costs £500m a year" (October 6), begs the question—when will the Government take a definite stand and introduce a grant system that will encourage householders to invest in home insulation? The Department of Energy beams the fact that many of the unutilised homes in the country belong to poorer people who can least afford to waste heat. Instead of complaining about this to the general public, how diverted its efforts towards making the Government understand the position. After all, no one but a pyromaniac actually enjoys seeing his hard-earned cash literally going down the chimney—the alternative of an immediate need for warmth and a long-term investment, most people will understandably plump for the former.

Profit and loss sharing

From Mr. S. Penwell... There has been much talk recently in Liberal and Socialist ranks of profit sharing in industry. Should this not be "profit and loss sharing"? S. W. Penwell, 158, Fenwick Street, E.C.3.

Upset over warrants

From Professor C. Kennedy... Sir, I refer to the unsigned piece "Upset over Anglo-Welsh" (October 1). If you have been done wrong by a company, a wrong in a financial matter, an employer is an acceptable piece of advice coming from a disinterested third party. Coming from the very people whom you think have done you wrong, it is less agreeable. Warrant holders, by the way, are not all inveterate gamblers. Many of us use warrants to put together with gilt-edged securities, so as to form a package with the defensive qualities of a convertible. Many of us have long had our doubts about the quality of the preparation afforded by the small print in the terms of the issue defining the rights of warrant holders in a liquidation. The Anglo-Welsh liquidation has now exposed the protection as being wholly defective. Elementary warrant theory should have persuaded us of this earlier. It is not simply that warrant holders can happen to find themselves in a situation in which their long-term subscription rights are being extinguished without a penny being paid in compensation; it is also that it is to the clear advantage of the ordinary shareholders to place them in that situation. For the shareholders, an issue of warrants brings early benefits at the cost of some dilution of their interests when and if the asset value of the share begins to rise above the exercise price. So long as the market price of the share is not greater than its asset value, it will always be to the advantage of the shareholders, having reaped the early benefits, to rid themselves of the warrant holders at no cost to themselves, by going into liquidation before the dilution can begin to take effect. I do not dispute the contention of Messrs. Leopold Joseph and Sons that the small print in the terms of issue played a least obstacle in the way of a distribution to warrant holders as part of the liquidation process itself. The proper course would have been for the company to have made an offer to buy in the warrants before going into liquidation. My interest, such as it is, is in that.

Liberal taxation

From Mr. A. Jacobs... The Liberal Party taxation committee carried out a detailed study of the provisional report by the Mead committee, about which Anthony Harris writes on October 6. This 200 page report occupied a great deal of our time, and our final conclusions were that an expenditure tax would be of prime benefit to those taxpayers paying more than standard rate of income tax. This meant that only 15m. taxpayers out of 25m. taxpayers would benefit. A member of the Mead committee was invited to discuss the report and it became clear that if the present exorbitant rates of income tax were to continue, then the possibility of making registered tax free investments would be of considerable benefit particularly to large income earners.

To-day's Events

Dr. David Owen, Foreign Secretary, in Moscow for talks with Mr. Andrei Gromyko, Soviet Foreign Minister, and other officials as part of Anglo-Soviet protocol signed in 1975. National Economic Development Council meeting—agenda includes margin of spare capacity and constraints to output growth, exports of educational goods and services, and a progress report from the nationalised industries overseas group. European Central Bankers begin two-day meeting in Basle. European Parliament in session, Luxembourg (until October 14). Further talks expected in London between Sir Keith Holyoake and Lady Holyoake, Manx House. Windscale public inquiry continues, Whitehaven. Guildford bombers appeal against conviction and sentence, Old Bailey, London. Women of the Year lunch, Savoy Hotel, London. Last posting date for Christmas parcels and packets by surface mail to Australia and New Zealand. OFFICIAL STATISTICS: September provisional whole-sale price index. Second quarter appropriation account of industrial and commercial companies. COMPANY RESULTS: Glasco Holdings (full year), Lesney Products and Company (half-year). COMPANY MEETINGS: See Week's Financial Diary on Page 28. LUNCHEON MUSIC: St. Lawrence Jewry next Guildhall, piano recital by Gillian Spragg includes Beethoven's Moonlight Sonata, 1 p.m. All Hallows by the Tower, recorded music, 1 p.m. St. Michael, Cornhill recital, Richard Jenkinson, 1 p.m.

S. Pearson & Son

Unaudited results of the Group for the half-year to 30th June 1977

Results	1977 £000	1976 £000
Turnover, excluding banking and investment income	157,683	133,648
Profit of the group before taxation	19,018	14,566
Deduct proportion attributable to minority interests	4,826	3,347
Profit before taxation attributable to S. Pearson & Son, Ltd.	14,192	11,219
Total taxation (overseas taxes £1,950,000 1976 £1,693,000) including deferred taxation	10,175	7,859
Deduct proportion attributable to minority interests	2,551	1,918
	7,624	5,941
Net profit attributable to S. Pearson & Son, Ltd. before extraordinary items	6,568	5,278
Extraordinary items, less minority interests and taxation	(56)	179
Net surplus including extraordinary items	6,512	5,457
Dividends:		
Preference	9	9
Ordinary: interim for 1977	1,369	1,363
final for 1976	43	-
	1,421	1,372
	5,091	4,085
Earnings per ordinary share, before extraordinary items	9.59p	7.73p

Exchange differences arising on the reconversion to sterling of net assets overseas are excluded from the above figures.

Foundrymen's views

From the Director... On behalf of my industry, I would like to register our objections to your recent review (October 4, page 15) of the NEDO publication "Foundrymen's views, an attitude study in the iron and steel industry". This industry indeed has its problems, but it also has a positive and constructive approach to its future which is widely shared. Your review has concentrated on the NEDO report and has entirely failed to cover the more encouraging features of the situation, even the stoppage

Investing in Bonds

Through some senior executives of the corporation have attempted to avoid the agreed investment given by Lord Besk and the Government, slow progress has been made to reduce the current iron and steeling processes with the most advanced technology. In the mid-to-day, Commissioning is in early 1979 and £57m. has been spent. The plant will then produce "the best steel in Europe"—the BSC's own senior

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Pending dividends timetable

For the convenience of readers the dates when some of the important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Date, Announcement, Amount, Date, Amount. Lists various companies and their dividend details.

ECENT ISSUES

Table with columns: Issue, Date, Price, etc. Lists recent issues of various companies.

FIXED INTEREST STOCKS

Table with columns: Stock, Price, etc. Lists fixed interest stocks and their current prices.

"RIGHTS" OFFERS

Table with columns: Stock, Price, etc. Lists rights offers for various companies.

on-smokers unite, says Ennals

SMOKERS of the world in London by the Young Fabians unite and demand that "Why do non-smokers act like to breathe clean air, Mr. a subservient minority?"

BASE-LENDING RATES

Table with columns: Bank, Rate, etc. Lists base-lending rates for various banks.

INTERNATIONAL COMPANY NEWS

Salzgitter hopeful on EEC steel price moves

Salzgitter also reported receipt of a DM22m contract for structural steelwork in connection with the reconstruction of the Scherzmetzwerk Airport.

Lebanon seeks Euroloan

LEBANON is currently negotiating a Eurocredit of between \$100-150m. to finance reconstruction work necessary by the two years of fighting in the country.

Thomson-Brandt disappoints

THE FRENCH electrical company, Thomson-Brandt, which is both a manufacturing company in its own right and an important holding company, notably controlling the diversified electronics group Thomson-CSF has reported a first half result slightly below last year's level.

Money and Exchanges

Bank of England Minimum Lending Rate 5 1/2 per cent. (since October 7, 1977). Short-term fixed period interest rates fell quite sharply in the London money market last week.

FOREIGN EXCHANGES

Table with columns: Market Rates, etc. Lists foreign exchange rates for various currencies.

EXCHANGE CROSS-RATES

Table with columns: Frankfurt, New York, Paris, etc. Lists exchange cross-rates for major cities.

EURO-CURRENCY INTEREST RATES

Table with columns: Oct. 7, etc. Lists Euro-currency interest rates for various terms.

MINING NOTEBOOK

It's that man again!

BY LODESTAR

THERE HE was, walking down Throgmorton Street, that character made notorious in this column (much to his disgust) as the "man who has made more money out of mining shares than anyone I know."

Pacific Copper

In the year to June earnings equalled 18 cents a share and a dividend of 5.5 cents (3.6p) is being paid.

Rand London

He would admit only to being out in his timing, reminding me in turn that even his Gold Mines of Kallorou had come right in the end.

Insurance

Compensating for inflation

BY OUR INSURANCE CORRESPONDENT

IF I am injured on the road, at work or elsewhere through someone else's fault, I am legally entitled to compensation from the person to blame or his insurers.

Wildlife education

EFFORTS ARE being made to educate children about deer by use of an exhibition caravan.

Bill vandals' parents call

PARENTS of young vandals should be made to pay for their children's crimes, Mr. Idris Jones, an Ebbw Vale councillor, urged the National Union of Ratepayers' Association's annual conference in London yesterday.

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of September 30th 1977 U.S. \$9.14

announced as detailed in Friday's Mining News column. Presumably, the Canadian parent, Pacific Copper Mines, will now also raise fresh funds, in this case no doubt by the usual placing.

Worry

The ultimate cost of an indexed award in times of high inflation is illustrated in the report. It cites the case of an initial annuity of 50,000 French francs (around 28,000) and then calculate the cash required to purchase the annuity against annual inflation rates of 10, 20 and 30 per cent.

Worry

Very few direct insurers or reinsurers will disagree with the report's conclusion, that the introduction of indexed awards would make it impossible to judge the premium for a policy which may have to cover the risk or to calculate the ultimate cost of the claim when the award is first made.

Worry

Although the review is primarily written to inform association members, it must be compulsory reading for direct insurers writing motor and liability covers.

Worry

The index used in this report is a wage that the initial and long-term costs be accurately calculated so that the net asset value of the fund can be set at the level of the initial award.

Worry

That argument, of course, gives special protection to seriously injured victims because the majority of citizens, injured or not, have to take their chance with inflation. That fact might be thought by many to be sufficient reason to maintain our present compensation method.

Worry

A report on the situation appears in "Indexed Annuities and the Reinsurer," produced by a special sub-committee of the Reinsurance Offices Association.

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THE PHILIPPINE INVESTMENT COMPANY S.A. Net Asset Value as of September 30th 1977 U.S. \$9.14

Advertisement for The Mitsui Trust and Banking Co., Limited. Features a logo and text: "The Mitsui Trust and Banking Co., Limited. Floating Rate Certificates of Deposit due October 6, 1980. \$15,000,000. This issue was arranged by First Boston (Europe) Limited."

Bad prices and worse costs

CUSTOMERS LOOKING at the substantial losses expected by Scandinavian pulp and paper makers this year may be excused a transient feeling of "serves them right."

Five years ago, when paper was in short supply, manufacturers sent prices soaring as customers scrambled to secure their supplies. The current losses reflect not merely the prolonged recession and the consequent fall in prices, taken a step further last week, but also the large wage increases and capital outlays which companies made at the height of the boom.

Since then, stocks have been transferred from the customers to the suppliers, demand has remained at a low level, and wages and other costs have continued to soar. Although paper makers are used to a five-year trade cycle, the Swedish industry has, in addition, been badly shaken by other developments which threaten to leave it with a permanently weakened position in world markets. The downward lurch in the market which was caused by the 1973 oil crisis left manufacturers with an embarrassingly large number of new machines commissioned in the fat years when expectations were higher. That extra capacity which came into production in the last few years has been competing for a much shrunken market.

As a result most Swedish pulp and paper mills are running at only about 75 to 80 per cent. capacity. At first profits were merely depressed. But this year, the forest industry is expecting a loss of between £120m. and £200m. This represents an average loss of around 7 per cent. on turnover.

Most companies will survive this reversal of fortunes until at least the end of the year. But unless the European

economy, on which the paper trade closely depends, should improve before the middle of next year, some companies will be in serious trouble.

At the same time, Swedish manufacturers are suffering from another consequence of the boom years—a wage explosion, which has continued to shake the economy, long after the boom was over. The recent devaluation of the Swedish Kroner, though it will help exporters in the short run, is likely to give a further impetus to domestic inflation.

Profits

The effect of inflation on forestry has been to increase wood prices by 100 per cent. over three years. Even in the less labour intensive processes of making pulp and paper, high wages have eaten away profits.

For example shift workers at MoDo's new fine paper mill at Husum earn up to £8,700 a year for a three-weeks-on, three-weeks-off rota which gives most of their time to take second jobs or tend their farms. Even by U.S. and German standards, these are very generous pay and conditions, especially when added to the "social wage" of an all-embracing welfare state. The difficulties are so severe that some company heads are beginning to skirt delicately round the taboo subject of a cut in wages, or, if that is politically unthinkable, a standstill while those in competing countries catch up.

It is tempting to ask whether the Swedes, in the euphoria of expansion, have not paid themselves so much that they have started to price themselves out of the market. The cost of the wood to make a tonne of fine paper is, for example, £106 in Sweden compared with about

£35 in North America; and up

to 70 per cent. of the cost represents wages.

These difficulties would not look unduly menacing by themselves, because an increase in demand for wood products must sooner or later lead to what the Swedes call an "improvement" in prices and a better use of capacity.

Unfortunately the Swedish forest industries are having to contend with stronger and larger adverse forces at the same time. First their forests are in danger of running out. Secondly much faster growing pines in the Southern states of America and Brazil will give Sweden's competitors in the pulp market an increasing advantage.

Brazilian pine, for example, takes only 16 years to mature compared with 50 years in southern Scandinavia and 100 years in the north. Moreover, it is calculated that if only 3 per cent. of Brazil were cultivated with timber forests, the eventual pulp output would be enough to satisfy the whole world's current demand for 122m. tonnes.

The Swedes are therefore faced with a Catch 22 dilemma: in order to preserve a stock of timber for their children and grandchildren, they must increase yields and shorten growing times by modern scientific methods. But drainage, fertilisers, spraying and machinery for making use of roots and branches all cost money. These extra costs, compounded by high wages and inflation could, in the long run, make Swedish forest products less and less competitive.

Mr. Bo Rydin, president of Svenska Cellulosa, the paper and packaging group and the largest private forest owner, said: "There are plenty of trees for us to cut down in the next 10 to 20 years if we wanted to."

"The problem is in achieving a rate of cutting which can be sustained through the next generations."

Mr. Rydin says he foresees some of the current stresses five years ago. As a result Svenska Cellulosa (SCA) has been steadily diversifying away from primary wood products, which in 1973 accounted for nearly all the company's turnover, but which now account for less than half.

As a result of the moves into packaging (a link with Jefferson Smurfit in the U.K. is the latest), hygiene products, leisure equipment and engineering, SCA is in a better position than most Swedish paper companies to meet the present crisis.

Losses

On the other hand, MoDo, which makes sulphate pulp and fine paper is feeling the draught much more strongly because it is comparatively less well integrated and scarcely at all diversified away from forest products. Only half of its pulp is used for its own paper making, compared with 75 per cent. of SCA's output.

Mr. Matts Carlgren, the president, is expecting to announce a substantial loss this year, and is gloomy about the prospects unless there is an early improvement in the market.

He believes a further reduction in wood costs is essential, in addition to the 15 to 20 per cent. cut in prices already made. In the longer term, he believes the industry must accept that there can be no increase in the present pulp making capacity of about 10m. tonnes, and that it may even have to be reduced.

He also thinks that future capital expansion must be based on the stew that plant will only

be used at 80 per cent. capacity in the lean years. "We have to learn to live with a five year cycle of two years running at full capacity and perhaps three in which demand is slack. For this reason it is not entirely realistic to talk about overcapacity. Our prices for the past ten years should have been based on this assumption."

The problem facing a company like MoDo is that because the supply of timber cannot increase, any future expansion must come from further integration into paper-making or converting processes. However, since it is politically very difficult to lay off workers when demand falls, it is very hard to find money to invest for the next upturn.

The whole question of the capacity of the forests and the needs of the industry based upon them is now under investigation by a government commission which is expected to report early next year.

This commission will have to decide upon yet another challenge to the Swedish forest industry which comes from within the country itself and is increasingly worrying senior executives. It is being mounted by a small but influential group of environmentalists which opposes precisely those measures which the industry says are needed to preserve the stock of forest. The main target is the defoliant which is sprayed from the air on newly cut swathes of forest to kill undesired birch and other scrub trees. The industry says the alternative of rooting out the scrub by hand is too expensive and often impossible because of labour shortages.

Opposition to these defoliants has built up a big emotional pressure because of their use

in Vietnam by the U.S. army. But if they are banned in Sweden, as the groups hope, Mr. Rydin estimates the annual cut would have to be reduced by 5 per cent. in the north and "much more" in the south, to preserve stocks for the next generation.

"They do not realise that one effect of banning the use of these chemicals would be that we would have to close a small factory," he said.

DDT ban

Productivity has already been hit by the banning of the use of DDT which was formerly used to protect young seedlings from attack by beetles.

In addition, environmentalists and local communities have been asking for large tracts of forest to be preserved for recreation. Total demands from the preservationists are estimated by the forest industry to add up to 2m. hectares or nearly 10 per cent. of the total area of forest. The main purpose is to protect areas of beauty from the process of "clear cutting" in which large parts of the landscape are completely shorn of trees. However, the alternative of thinning out by individual felling is too possibly expensive because modern tree harvesting machines cannot be used.

Environmentalists are even striking at the development of hydro-electricity, that cheap, pollution-free renewable energy source on which the pulp and paper industry greatly depends. Mr. Rydin said: "We have lots of waterfalls on our land which could be used for hydro-electricity, but if we applied for permission to develop them all, we would not get it."

Salmon

The trouble is that concrete dams and power stations interfere with the natural beauty of the scenery, and can disrupt the sex lives of salmon. Reservoirs swamp the gaily splashing torrents.

Even in an industry which depends upon the harmless natural force of growing trees, therefore, the commission will come up against the classic opposition between the creation of wealth and the despoliation of the countryside.

Perard who? We sell pens and pensions. Frozen foods and 'Unfreezers.' Oil rig decks and olive oil. People who recruit people, insulate houses, build body armour, open foreign banks in the City, advertise the fact through us. They seem to thrive on it. Perhaps we can help you, too?



Perard Fox & Partners Ltd., 5 Hillgate Street, London W8 7SP. Telephone: 01-727 5341. ADVERTISING AND MARKETING

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The Army Benevolent Fund for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP

APPOINTMENTS

NL INDUSTRIES, INC. require

A SENIOR INTERNAL AUDITOR

NL Industries, Inc., a leading U.S. company with sales of 1.5 billion dollars worldwide in petroleum services, chemicals and pigments, and speciality metals, wish to appoint a Senior Internal Auditor with responsibility for Europe and North Africa.

The ideal candidate will have the following profile:

- between three and six years of internal or external audit experience including some exposure to American reporting systems
- the ability to perform operational and financial audits throughout our European and North African operations.
- fluency in English; other languages an asset. Besides being technically competent, candidates should be dynamic, ambitious and flexible. This is a senior position, involving considerable foreign travel, which will lead, within the next two years, to a line position with the company.

Salary and benefits will be commensurate with experience, and the successful candidate will be based in Brussels.

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BUCKINGHAMSHIRE COUNTY COUNCIL. The Buckinghamshire County Council issued on 25th October 1977 £2m. 8 1/2% Rate Stock, and the entire issue was made up of £2m. There are no other £2m outstanding.

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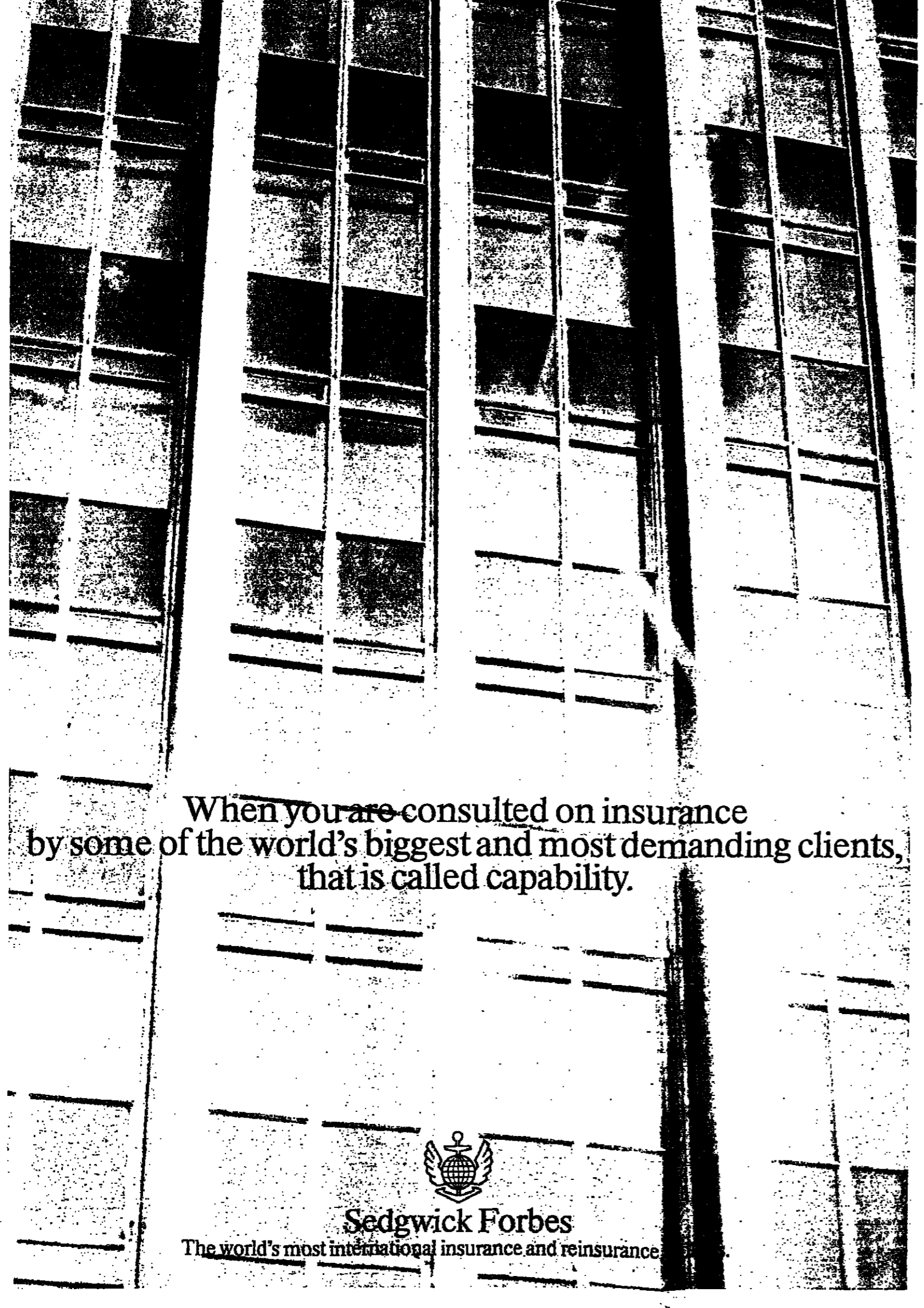
PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED 15% FORTHRIGHTLY CUMULATIVE PREFERENCE SHARES NOTICE IS HEREBY GIVEN that the Dividend for the months ending 31st December, 1977 of 8 1/2% per share will be paid on 28 October 1977 to the registered shareholders of the company. The Dividend will be paid to the Registered Shareholders at the "Bank of London" 100, Abchurch Lane, London E.C. 4N 3DF. By Order of the Board, Secretary

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OVERSEAS MARKETS

EUROBONDS

Pressure on the dollar sector

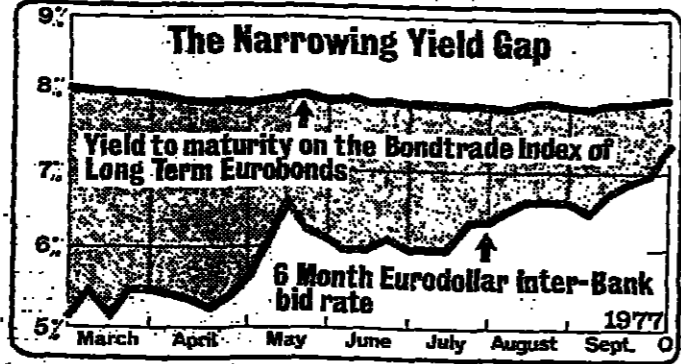
BY MARY CAMPBELL

The possible exception of January, the dollar sector Eurobond market is going through its weakest period for at least, possibly since 1975.

The other good reason why dollar-Eurobonds should have weakened is the currency situation in particular the dollar's weakness against the Swiss franc.

International bond market sentiment on this aspect of the situation is best seen in the current prices of some recent Swiss franc issues: Petroleos Mexicanos which offers 8 1/2 per cent for ten years quoted at 105.

however the factors which have caused the market to fall in the last week, there are at least two good reasons why it should have fallen. One is the fact that the yield gap between Eurobonds and Euro inter-bank rates has narrowed.



under 2.31 to give a 9 per cent fall in seven months. International bond market sentiment on this aspect of the situation is best seen in the current prices of some recent Swiss franc issues.

to funds which might dollar interest rates does not otherwise have flowed into dollar bonds. Presumably some kind of technical reaction is now due.

Indices

Table of stock indices for New York, Montreal, Toronto, and Johannesburg, including Dow Jones, Composite, and Industrial indices.

Table of stock indices for London, Amsterdam, and other European markets, including various national indices.

Table of stock indices for Australia, Paris, and other international markets, including various national indices.

W YORK - DOW JONES

Detailed table of Dow Jones stock index data for New York, including high, low, and closing prices for various sectors.

MONTEAL

Detailed table of Montreal stock index data, including high, low, and closing prices for various sectors.

TORONTO

Detailed table of Toronto stock index data, including high, low, and closing prices for various sectors.

DARD AND FOODS

Detailed table of food and grocery stock prices, including various food products and retailers.

JOHANNESBURG

Detailed table of Johannesburg stock index data, including high, low, and closing prices for various sectors.

AMSTERDAM

Detailed table of Amsterdam stock index data, including high, low, and closing prices for various sectors.

PARIS

Detailed table of Paris stock index data, including high, low, and closing prices for various sectors.

BRUSSELS/LUXEMBOURG

Detailed table of Brussels/Luxembourg stock index data, including high, low, and closing prices for various sectors.

STOCKHOLM

Detailed table of Stockholm stock index data, including high, low, and closing prices for various sectors.

MILAN

Detailed table of Milan stock index data, including high, low, and closing prices for various sectors.

VIENNA

Detailed table of Vienna stock index data, including high, low, and closing prices for various sectors.

OSLO

Detailed table of Oslo stock index data, including high, low, and closing prices for various sectors.

TOKYO

Detailed table of Tokyo stock index data, including high, low, and closing prices for various sectors.

SWITZERLAND

Detailed table of Swiss stock index data, including high, low, and closing prices for various sectors.

BRASIL

Detailed table of Brazilian stock index data, including high, low, and closing prices for various sectors.

OVERSEAS SHARE INFORMATION

Large table of overseas share information, listing various international stocks and their prices.

CURRENT EUROBOND ISSUES

Table of current Eurobond issues, listing borrowers, amounts, maturities, coupon rates, and lead managers.

BONDTRADE INDEX

Table of bond trade index data for various bond types and maturities.

EUROBOND TURNOVER

Table of Eurobond turnover data, showing U.S. dollar and other bands.

GERMANY

Table of German stock index data, including various national indices.

AMSTERDAM

Detailed table of Amsterdam stock index data, including high, low, and closing prices for various sectors.

STOCKHOLM

Detailed table of Stockholm stock index data, including high, low, and closing prices for various sectors.

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Detailed table of Stockholm stock index data, including high, low, and closing prices for various sectors.

MILAN

Detailed table of Milan stock index data, including high, low, and closing prices for various sectors.

NOTES: Overseas prices exclude 2% premium. British dividends are after withholding tax. DMS denoms. unless otherwise stated. P125.50 denoms. unless otherwise stated. P125.50 denoms. unless otherwise stated. P125.50 denoms. unless otherwise stated.

AUTHORISED UNIT TRUSTS OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts and offshore funds, including names like 'Abney Unit Tr. Mgrs. Ltd.', 'Allied Hambro Group (a/c)', and 'Arthurs Securities (C.I.) Limited'. Each entry includes details such as fund type, manager, and performance metrics.

I.G. Index Ltd 01-51 2466. Three months copper 704-7114. 1. Tax free trading on commodity futures. 2. The commodity futures market for the smaller investor.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various sectors: Government Sec., Fixed Interest, Industrial Ordinary, Gold Mines, and others, with columns for Oct. 9, Oct. 10, and 1 year change.

FINANCIAL TIMES STOCK INDICES

Table showing high and low stock prices and S.E. activity for various sectors like Govt. Sec., Fixed Int., Industrial, and Gold Mines.

SINGAPORE

Table listing stock prices for various companies in Singapore, including Industrial, Banking, and other sectors.

Army and Navy store opening. A NEW Army and Navy store opens to-day in Victoria Street, South-west London. Sir Hugh Fraser, chairman of the House of Fraser, will announce the store officially open at a champagne breakfast.

INSURANCE, PROPERTY, BONDS

Table listing various insurance, property, and bond products, including 'Abhey Life Assurance Co. Ltd.', 'Equity & Law Life Ass. Soc. Ltd.', and 'New Court Property Fund Mgrs. Ltd.'.

NOTES

Notes section containing financial information and advertisements, including 'CLIVE INVESTMENTS LIMITED' and 'WELLS Insurance Co. Ltd.'.

FINANCIAL TIMES SURVEY

Monday October 10 1977

Costa Rica

Costa Rica is an oasis of welfare and democracy among the nations of Latin America. A genuine democracy, it has put the social needs of its citizens as its top priority and has earned the respect of the outside world.

At peace with self

Alan Riding

COSTA RICA is a rare country, at peace with itself. For Latin America, it is an even greater rarity: it is a functioning democracy. It has no army, it suffers no terrorist violence, wealth is relatively well distributed and its problems are being resolved. But the list could go on to almost every contemporary Latin American rule. It is to say, though, that its rights are respected in a Rica—and by that I mean just the right to enjoy the action of the law, but also right to health, education and employment.

President Daniel Oduber, who died in London earlier this year, is the latest in a long line of Costa Rican leaders who helped shape this oasis of peace and decency since 1948. During his four-year term, he ended next May. Sr. Carrazo has not only given new momentum to social reform, but he has also carved a special role for Costa Rica in international affairs. Fifteen years ago, when it was certainly not fashionable, but with exemplary and intense campaigning on the issue of human rights and now the world is catching up. Suddenly, both the United States and Western Europe are remembering Costa Rica.

This tiny republic of just over 2m. inhabitants is an example of what is possible. Its model may not apply exactly to countries of different size or ethnic structure, such as Brazil or Guatemala, yet it illustrates that political intolerance—and violence and economic and social injustice are not unavoidable features of Latin America. Costa Rica itself is also not without its problems—it lacks industry, seasonal unemployment is high, the housing shortage is serious and Government corruption has been growing—yet the country has a talent for identifying well distributed and trying problems and trying to resolve them.

Costa Rica has, in fact, always been "different". Unlike its Central American neighbours, only a few nomadic Indian tribes inhabited the territory in pre-Hispanic times. The Spaniards who settled in the lush valley around the present capital of San José therefore required neither conquistadors to defeat the Indians nor Catholic priests to convert them. Because there were no Indian slaves, however, the farmers and their families had to work their own land and, as a result, few large haciendas emerged. There were no big cities. President Oduber recounted to Spain's King Juan Carlos here last month. "There has not only been no big palaces, but there were no big haciendas. Everything was on a small scale, with the exception of individual exporting capacity."

Military

When independence came to Costa Rica in 1821, it was the result of military movements to the north and to the south, and because no fighting took place no caudillos or military strongmen were needed to lead the fight or fill the vacuum of power. Even in the mid-19th century, the confrontation between Conservatives and Liberals evident throughout Latin America took place in a non-violent and conciliatory way. From its very foundation, in fact, Costa Rica grew up without the economic exploitation and political authoritarianism common to much of the continent. There was a deep sense of community or common weal and, even today, the system of government is based on the principles of the "Jeffersonian rural democracy" of the 18th century.

The early years of this century brought greater social pressures, with the arrival of the United Fruit banana company, trade unionism and, eventually, Communism. The populism of President Rafael Angel Calderón Guardia after 1940 allowed growing Marxist infiltration in the Government and the embryonic British and, after fraudulent elections in 1948, which Congress gave to Dr. Calderón Guardia's coalition, a group of young social democrats, headed by José Figueres, led a brief military revolt and seized power. And since then, the National Liberation Party, formed at that time, has dominated the Costa Rican scene, although not always occupying the Presidency.

Created as a reformist answer to Communism, however, the party has never forgotten its origins or its principles of social welfare. In 1948, for example, it abolished the country's army, nationalised the private banks and banned the Communist-run trade union movement, but it revoked none of the social reforms adopted during the previous decade. Instead, the party sought to co-opt all progressive elements, its leaders in 1948 allowed growing Marxist infiltration in the Government and the embryonic British and, after fraudulent elections in 1948, which Congress gave to Dr. Calderón Guardia's coalition, a group of young social democrats, headed by José Figueres, led a brief military revolt and seized power. And since then, the National Liberation Party, formed at that time, has dominated the Costa Rican scene, although not always occupying the Presidency.



President Daniel Oduber.

of six and 13 now attending school. Fifteen per cent of GNP is to-day spent on education and health—"our soldiers are teachers"—our 'soldiers' boast—while the population growth rate has fallen from 3.8 per cent p.a. to 2.2 per cent. In 15 years due largely to a family planning programme supported by growing prosperity and social awareness.

Merit

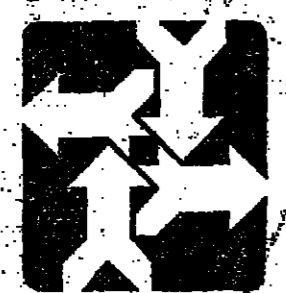
President Oduber's particular merit is that he took office at a time of deep economic crisis and not only overcame the crisis but accelerated social reforms. At the time of his inauguration in May 1974, the country's currency had just been devalued and Costa Rica, along with much of the world, was being shaken by increased oil prices and the general wave of inflation. Prices rose by over 30 per cent in 1974 and by 20 per cent in 1975, with real income slumping the first year and stagnating the second. But a strict monetary policy brought inflation under control—it rose by 4.3 per cent, last year and will register about 6 per cent this year—with real wages rising again, unemployment falling from 7 per cent in 1974 to 5.2 per cent this spring and the GDP growing by 2.1 per cent in 1975, 4.3 per cent in 1976 and an estimated 6.9 per cent this year. Having recovered from the 1974 crisis, in fact, Costa Rica has been able to absorb its vast new coffee revenues without major strain on the economy and with only slightly stronger inflationary pressures.

For frequent travellers around the world, with a widespread mood of Latin America, however, the

"You've never had it so good," current election period is most remarkable for the absence of political tensions. There is no violence—there isn't even careless rhetoric—and all parties in the process know that clean elections are guaranteed. The Supreme Electoral Tribunal assumes growing importance during this period, taking direct charge of the country's police and security forces in the final weeks before voting and acting as an unbiased arbiter of party disputes. And on Election Day, supported morally by a truly independent judiciary, the Tribunal sends respected non-partisan delegates to watch over all polling booths. The worst thing about elections in Costa Rica, in fact, is that followers of different candidates gather in long automobile convoys and drive through San José blowing their horns to rhythmic calls. The little green and blue party flags already flying above many homes, however, testify to the fact that support for one or other party is a matter of public pride and not nervous secrecy.

There is a new mood of confidence and reassurance about Costa Ricans these days. Not only have coffee earnings buoyed the economy, but President Oduber has also ended the country's mental isolation. In addition, a functioning democracy and a respect for human rights are no longer seen as idiosyncrasies of the political maverick of Latin America, but rather as examples being urged on the continent by the U.S. and Western Europe. "Nothing ever happens here," a visiting journalist jokingly complained. "Well, that's now the big story," a Costa Rican official replied. "The unusual thing to-day is to have free elections and to respect human rights."

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- Study and evaluation of companies which desire to apply for the benefits granted by the Export Development Law; technical assistance in the preparation of their requests.
- Information to local manufacturers, producers and exporters relating to export mechanisms:
- Export regulations and procedures in Costa Rica.
- Import regulations and procedures at country of destination.
- Transportation facilities, including schedules and tariffs.
- Evaluation of individual exporting capacity.

LET US HELP YOU

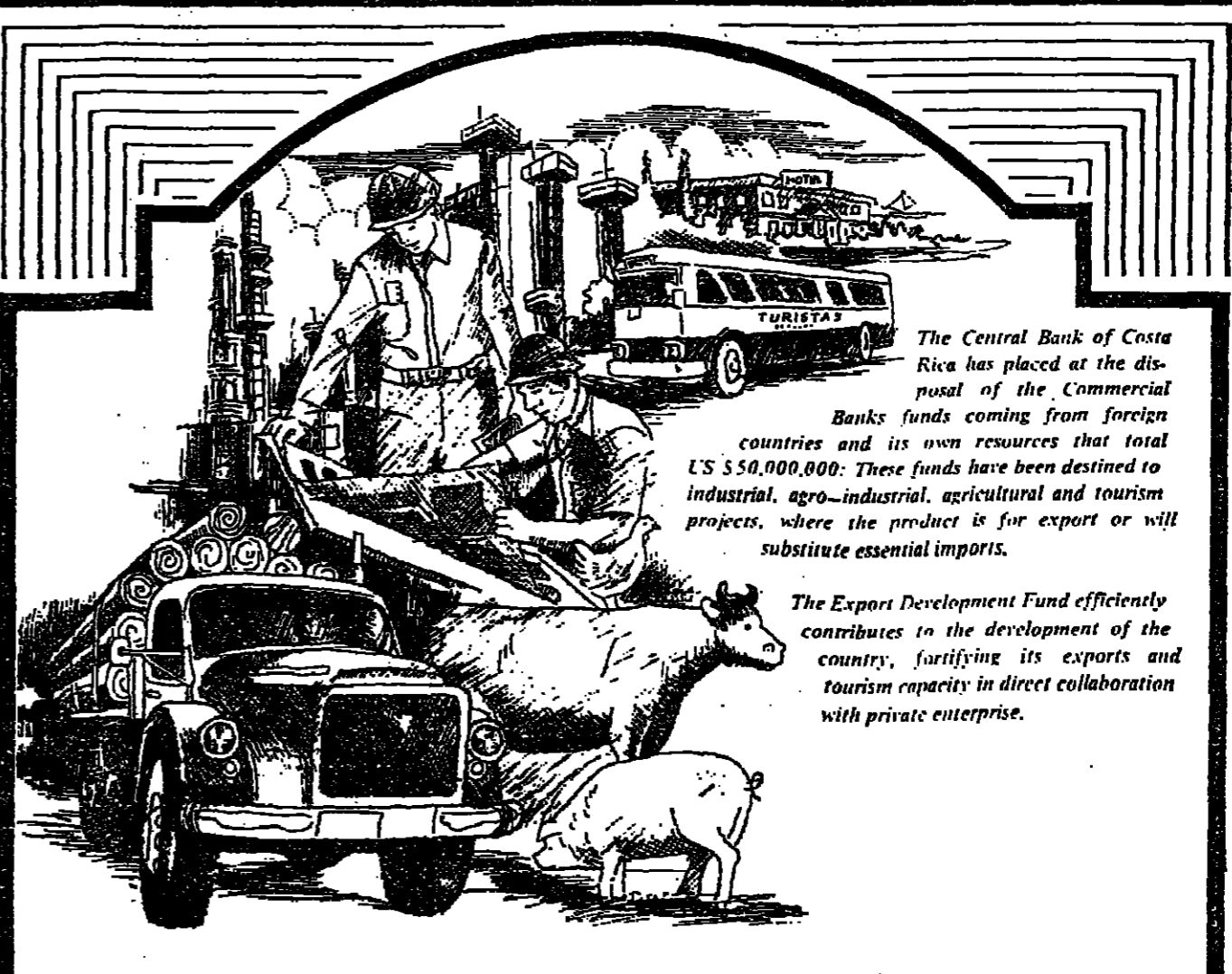
The Centre is a promotional institution, sponsored by the Government of Costa Rica, whose main function is to give technical assistance to investors and exporters. This assistance is free of charge.

INVESTMENTS

In this field the Centre offers, amongst other services, the following:

- Information encouraging national and foreign capital investments in the country.
- Supplies information regarding facilities, regulations and the investment climate in Costa Rica, rendering technical assistance at the various stages of the requests for approval of industrial projects.
- Assistance in the preparation of industrial and agro-industrial project profiles.
- Advises regarding incentives, facilities and procedures for the installation of Draw Back Industries in the country.
- Offers technical assistance in co-ordination with national and international institutions, channelling specific requests originating from the industrial sector.

Through the Export Development Fund, the Central Bank of Costa Rica, is financing exports, stimulating tourism and substituting imports.



The Central Bank of Costa Rica has placed at the disposal of the Commercial Banks funds coming from foreign countries and its own resources that total US \$50,000,000. These funds have been destined to industrial, agro-industrial, agricultural and tourism projects, where the product is for export or will substitute essential imports.

The Export Development Fund efficiently contributes in the development of the country, fortifying its exports and tourism capacity in direct collaboration with private enterprise.

For further information, get in touch with the Central Bank of Costa Rica.

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Central America

COSTA RICA II

Banking system works well

CONSIDERING THAT nationalisation of banks is a favourite cry of Left wingers around the world, it is surprising how unradical the effects of just such a measure in Costa Rica have been. At the time, of course, 29 years ago, the State take-over caused consternation both at home and abroad. But in the end, the sector continued to be run by very much the same people, with the nationalised banks even retaining their old names. If, as history now records, the purpose of nationalisation was to break the political power of the banking oligarchy, it certainly happened painlessly. And to-day, not even conservative political parties are in favour of de-nationalising the sector.

kind of "creeping nationalisation" of the sector is taking place more and more throughout the world today, with governments aware that control can be achieved without resort to the controversy of nationalisation. Costa Rica's main objectives, however, have been achieved. In 1947, the year before the take-over, only 31.4 per cent of credit was destined for agriculture and industry, while in 1975 this share had risen to 68 per cent, with less than 15 per cent going to commerce and services. The structure of savings has also changed from being overwhelmingly liquid and short-term to being largely middle-term, giving the banking system greater strength notwithstanding any rise in deposits. In practice, though, assets of the entire banking system have grown from 401m. colones in 1974 to 904m. colones on June 30 this year.

Growth

The social orientation of the banking system can also be illustrated by the rapid growth in the number of branches in the country—from 29 in 1948 to 188 to-day, many of them tiny rural offices which are nevertheless attracting savings and providing credit. As a result, even though Costa Rica has the smallest population of the five Central American countries, it has the largest banking network with the highest assets. Over the past three decades, perhaps the principal financial priority has been to provide credit to the country's majority of small and medium-sized farmers. Unlike the rest of Central America, land ownership in Costa Rica is relatively well distributed, with few huge latifundistas and minimal fragmentation of property by minifundistas. So unlike other Central American bankers who concentrate their credit on the handful of big producers of the country's banks into such a lucrative export crops and ignore the small subsistence farmers, Costa Rica faced the challenge of servicing thousands of medium-sized producers.

The Central Bank has therefore long insisted that a significant amount of credit—varying from bank to bank and from year to year—be destined to agriculture and cattle-farming. And, more recently, as the government has lost some of its enthusiasm for import-substituting light industries and has again recognised the importance and potential of food exports, this trend has been re-emphasised. In its plan to guide each of its four banks towards greater specialisation, the government has therefore assigned the largest bank—the Banco Nacional de Costa Rica, which accounts for 45 per cent of total assets—the main responsibility for the agricultural sector. The Banco de Costa Rica will become an industrial bank, the Banco Anglo-Costarricense will service commerce and the Banco Crédito Agrícola de Cartago will give priority to housing.

BASIC STATISTICS table with columns for Arta, Population, GDP (1976), Trade (1975), Exports, Imports, Exports to U.K., Imports from U.K., Trade (1976), Exports, Imports, Exports to U.K., Imports from U.K., Currency.

Fully-liquid 8 per cent bonds and three-year 12 per cent bonds issued by the government, however, have proved more attractive. The strengthening of the country's balance of payments due to coffee revenues has reduced the government's foreign borrowing needs and bankers are even turning away offers of credit for lack of viable projects. The public sector's foreign debt last December stood at \$646.4m., with debt servicing for 1976 totalling \$87.5m. But, compared to the previous year, the ratios of foreign debt to GNP and of debt servicing to exports both fell—to 5.7 per cent and 12.1 per cent, respectively—providing evidence of the healthy margin for further indebtedness.

Pressures

With the anticipated fall in coffee earnings, though, Costa Rica may face new payments pressures next year which may in turn require a higher rate of foreign borrowing. Based on the country's recent record, though, it should have little difficulty in doing so at competitive rates. More than anything, in fact, the government's success in controlling inflation after its 1974 surge has ensured the survival of the banking sector as it has existed over the past 30 years. Confidence in the system is high and hundreds of thousands of small savers and borrowers continue to use it with faith. The "under-employment" criticised by some analysts may exist, but it is also more costly to lead 300 farmers 5,000 colones each than one investor 1m. colones. "The State banks have a social function," former Economics Minister Raul Hess Estrada wrote recently. "The credit they provide and administer is costly and troublesome. But implicit in it is the democratisation of credit, technical assistance and, in general, a policy of stimulating production and redistributing incomes."

Alan Riding

Economy still vulnerable

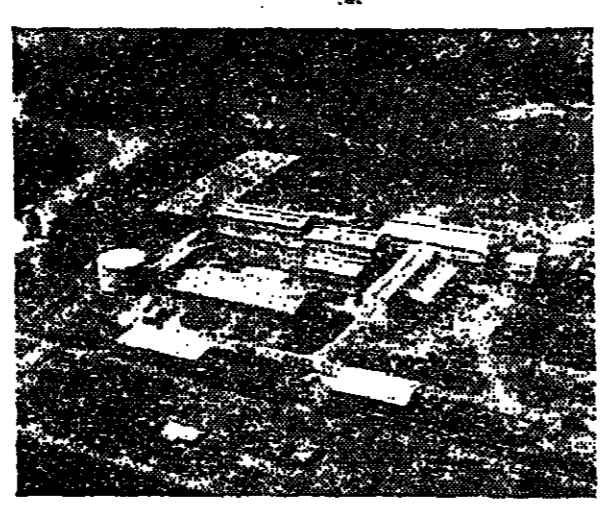
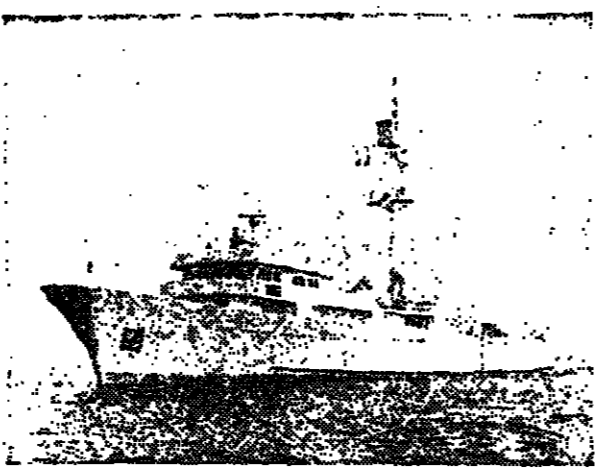
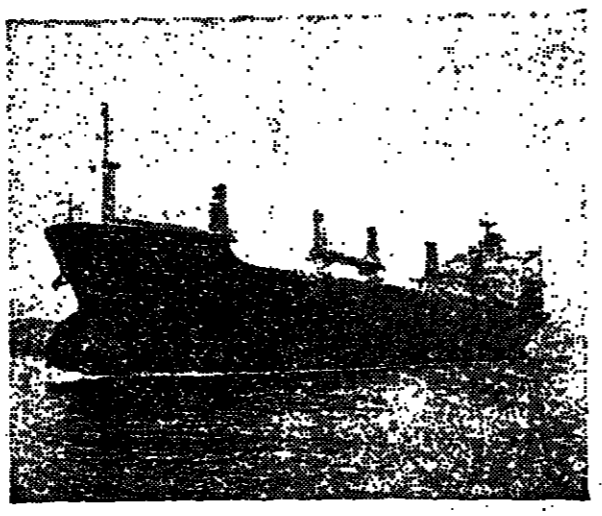
THE DIFFERENCE between a small coffee-producing country and being a small oil-producing country is that in the former case the law of "what goes up must come down" still applies. The recent sharp rise and subsequent fall in world coffee prices has done two things for Costa Rica. First, it has rescued the country's international accounts by providing a sudden extra inflow of coffee dollars, after several bad years. Second, it has brought home some of the redundancy of the vulnerability of a country that relies predominantly as one or two crops. Costa Rica has always done, on the one hand, coffee and banana to have gone over the top, Costa Rica faces the prospect of accumulating serious balance of payments problems over the next three years or so. But the immediate situation is greatly improved.

Improved

Monetary reserves have since improved dramatically with higher foreign exchange earnings and recent inflows of credit. Between the end of 1975 and the end of 1976 the level doubled to \$124m., and it had almost doubled again by the end of July to \$243m. The Government now wants to send some of its credits back to some high-interest and short-term loans, contracted in desperation, are to be repaid early. At the same time the Government plans to use part of its foreign reserves for key investment programmes such as new irrigation technology in depressed farming regions. The sudden inflow from coffee produced the beginnings of a consumer boom. The Government launched a stabilisation bond, the "coffee saving bond," aimed at mopping up \$60m. on the home market. The issue has been a flop, even though it carries a 12 per cent interest tag, 4 per cent above standard Government issues. By the end of June, only about 15 per cent of the bonds had been sold, and the Government has since had to advertise heavily in order to get rid of the rest. The Government, meanwhile, continues to call on domestic savings to cover its budget deficits. It plans to raise some \$80m. in three different issues—an "internal debt bond," a "public investment bond" and a "political debt bond"—to bridge most of its planned

David W.

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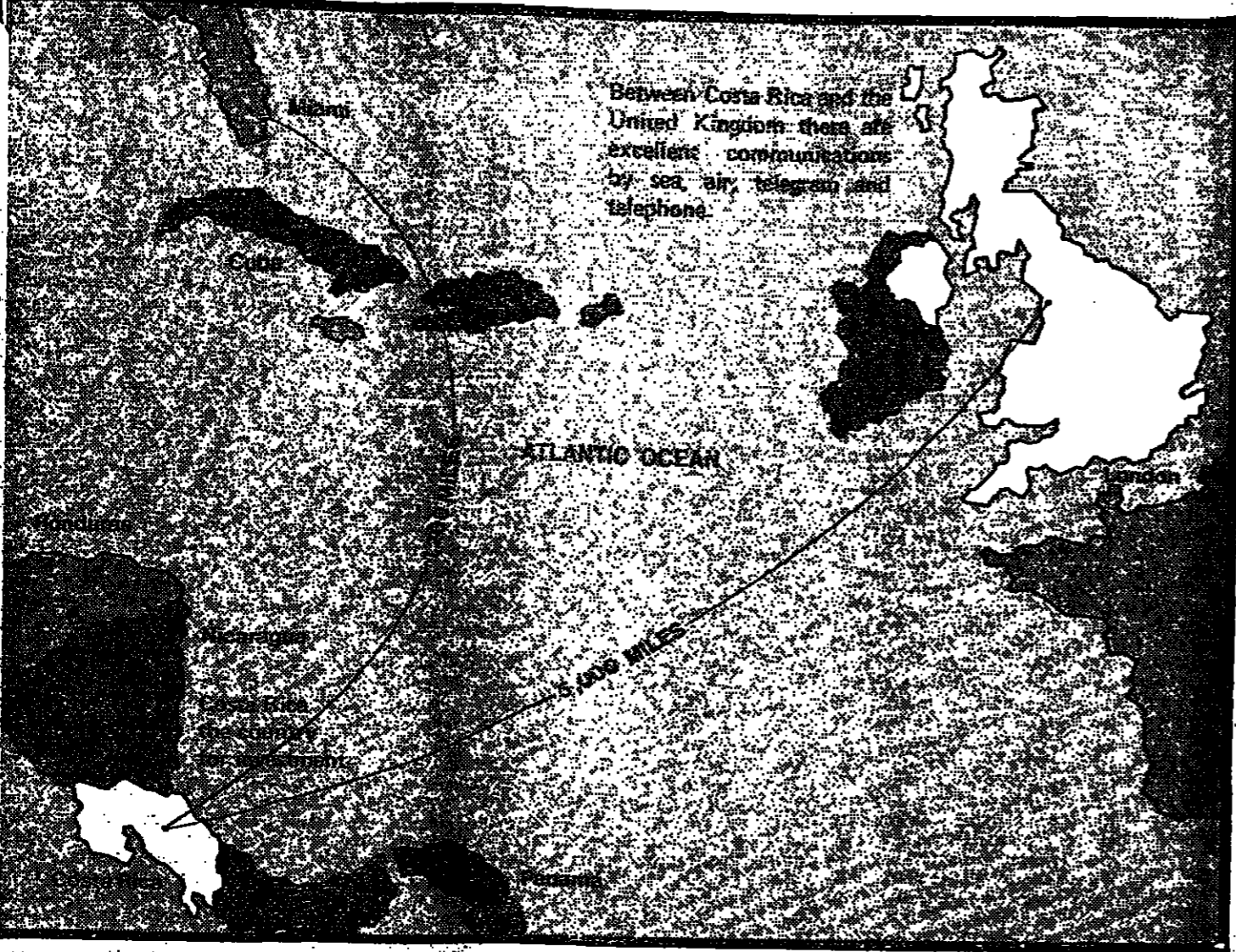


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More equal than others

THIS ARTICLE is really about graduates. With average per capita income now around \$1,000 a year, Costa Rica is emerging from the aid and soft-loan bracket, which makes the name given to it by Columbus and crew a little bit less of a misnomer. Income is probably better distributed in Costa Rica than anywhere else in Latin America except Argentina. But, although some of the wealth at the top has been shaken down in recent years, the distribution has mainly affected the middle class and public sector workers, rather than the people at the bottom of the pile. Half the national income is concentrated in the upper 20 per cent of the wealth bracket, while the bottom 20 per cent receive only about 5.4 per cent of the total, according to a recent analysis. A survey by the General Statistics and Census Authority at the end of last year showed that 36 per cent of workers earned less than \$93 a month. In rural areas, most people fell into this category. In the towns, the majority earned wages of between \$47 and \$233 a month. The Government has sought to squeeze wages at the top and increase them lower down. The minimum went up 13 per cent to \$3.27 a day in January. But the tendency seems still to be that Costa Rica is getting fat around the middle. In lieu of extra income at the bottom, President Oduber's Government has brought in considerable improvements in services for the poor, concentrating its attention on rural conditions. An imaginative "family assignments" plan, aimed at the rural poor who make up a fifth of the population, bring together services for water supply, sanitation, electricity, health, education, professional training, nutrition and housing. The programme is financed from increases in sales taxes and a levy on employers' pay-rolls. Social problems are also coming to the surface in the towns in the form of increases in prostitution—often involving teenagers—and robbery. The Government has had to put a priority on public security, run by a smartly-outfitted Civil Guard, which is due to be reorganised. Jobless Sociologists link these trends to the problems of rural unemployment. Although the jobless total for the country has been brought down to 4.6 per cent of the workforce, it is higher in the country most of the year (dropping to almost zero in November for the coffee harvest), and about 7 per cent of the workforce is considered under-employed. While Costa Rica likes to nurture its reputation as a place where "every man has his bit of land," the reality is less cosy. There are many semi-employed rural labourers, and the land is unevenly distributed. Although the hacienda system of other countries never existed here, a third of Costa Rica's farmers own less than 2 per cent of the farmland. Productivity in these small plots is low, and, while the under-graduates by the thousands are not enough to people in agriculture. One observer went to the extreme of imagining a Costa Rica as "a land of employed jobless peasants by unemployed graduates." But you have to go on your way in Costa Rica to see the blatant social injustice. The edge of the Atlantic coast of Panama port of Panama there is a slum of teenagers—and robbery. The Government has had to put a priority on public security, run by a smartly-outfitted Civil Guard, which is due to be reorganised. The local community action's complaints have led Government to set up an agency committee to deal with the district's problems. A San José newspaper outraged to note that in place "it is normal to see numerous women and children managing with buckets of other receptacles they can't carry water to their homes. That sentence might fit anybody's general description of Latin America or of most countries with per capita income \$1,000 a year. The exception tends to be the rule—and that is that Costa Ricans are not equal; they are more equal than others." David W.

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COSTA RICA

the country for investment

The Social Development and Family Allowance Programme in Costa Rica

More than 51% of the total population under 15 years of age is now receiving, under this programme, 3 free meals a day. The meals, which they get in their local schools or nutritional centres, are fully cooked and contain the requirements for healthy growth. This is part of an impressive programme which represents in 1977 an investment of US\$350 million, equivalent to 10% of the government budget, financed out of payroll taxes and a retail sales tax.

The programme has widespread public support. Above all, it is enthusiastically backed by low-income families both in rural areas and in the cities. Child nutrition is only one aspect of a comprehensive programme called Social Development and Family Allowance, which after many years of planning is now in full swing in Costa Rica, thanks to the initiative and decisive impetus of the National Liberation Party (Social Democratic) now in power under the leadership of President Daniel Oduber.

Background: It all started in 1970, when the National Liberation Party decided to give greater support to programmes aimed at improvement of social conditions, particularly among the low-income majority of the nation.

A draft law was prepared called the Family Allowance, similar to the classical family assistance programmes enacted in Europe after the First World War.

In 1973, Mr. Oduber then President of the Legislative Assembly and later presidential candidate in the 1974 elections, set up a small committee for his direct supervision, whose purpose was to weave into the new law his own ideas about enlarging the scope of the programme.

The Programme Today:

Instead of only paying a cash allowance to mothers of low-income families, the programme, as it was enacted during the administration of the now President Oduber, also includes curative and preventive, medical care, treatment of alcoholism, aid and protection of the young, environmental sanitation, nutritional education, production of food by community vegetable gardens, and vocational training.

These activities, aimed fundamentally at the infant population, receive the allotment of 80% of the programme's resources. The remaining 20% covers retirement pensions for persons over 65 years of age who have not contributed to any of the existing social security programmes in Costa Rica.

Some Figures:

Since its approval in December 1974, the number of direct beneficiaries of the nutrition programme has reached 400,000 children which represents 51% of the population under 15 years of age.

Under this programme, 220 health posts have been established throughout the country, serving the total dispersed rural population.

There are 43,000 people over 65 years benefiting from pension payments, and 375 training courses were administered this year to 14,000 young men and women, in a variety of trades and crafts.

A total of 138 water supply networks have been installed in 170 rural communities. There are 2,500 school dining rooms functioning, and 1,500 community vegetable gardens.

But all these figures must be interpreted taking into account that Costa Rica is a tiny country of 51,000 square kilometres, and a little more than two million inhabitants.

Basic Criteria:

According to current scientific opinion, malnutrition can cause irreversible brain damage in children under 5-years-of-age. It is also well known that eating habits are deeply engrained; changes can only come about through education at a very young age. The Social Development and Family Allowance Programme, as it is operating, attacks the problem of malnutrition on two fronts: it compensates for nutritional deficiencies in expectant mothers and small children, and it provides nutritional education.

Another aspect and perhaps the most important, is that every community must organise itself and contribute its own work effort, as a prerequisite to receiving the programme's benefits. This has resulted in massive support for this effort by the Costa Rican people.

How the Programme Works:

Various government institutions participate in the programme, each one responsible for specific aspects. For example, The Ministry of Health carries out the activities related to environmental sanitation, health and nutrition. The Ministry of Education is responsible for setting up the school dining halls and nutritional education courses. The Social Security System and the Ministry of the Treasury collect the funds. Other specialised governmental agencies are each in charge of drinking water facilities, food supply, social benefits, vocational training etc.

The work of these institutions is carried out within the framework of a general plan approved by the Presidency of the Republic under the coordination of a small technical secretariat.



Lic. Daniel Oduber Quirós—President of the Republic of Costa Rica

Greetings from the Executive President of the Central Bank of Costa Rica to readers of the Financial Times

The good name of Costa Rica has spread throughout the entire world and the virtues of this little country, situated in the centre of Latin America, are praised everywhere.

What has Costa Rica got that makes it so attractive to the visitor from other latitudes? First and foremost, a representative and functioning democracy. Since the last century, our country has had really free elections. As a result, the country enjoys an atmosphere of peace, calm and mutual respect. The special character of the Costa Rican ideal, a citizen-militarism will never gain strength in our traditions. For this reason, in 1949, the prohibition of the existence of an army became part of our constitution.

Since the dawn of the Republic, education has been the principal preoccupation of our leaders. They have appropriated 35% of the nation's budget towards education. For this reason, Costa Rica is one of the highest literacy rates in the continent.

An equitable distribution of wealth, together with a large middle class, serves to guarantee a good state of social stability.

Since 1975, the Social Security service reaches practically the entire population of the country: workers and indigenous inhabitants, a unique situation in Latin America. The Government has also set in operation a family allowance plan, financed by the working population and private enterprise, which contributes to the supply of three meals a day for children from the poorest classes, to pensions for people with small means, to housing for people in the lowest echelons, to the building of health centres in rural areas, to nutrition centres, to child health centres, to the allocation of funds towards health work in the field of public health: rural health centres, maternity centres, etc.

Costa Rican hospitality is proverbial: the visitor who comes to our country is not a coincidence that many people from overseas with a pension from their home country come to Costa Rica as a place to enjoy the fruits of their retirement from active life. Frequently one

sees in the Press interviews with them where they say that they chose Costa Rica after having travelled to many countries. Amongst the reasons for their choice, they quote our basic feeling for the rights of the individual and the surprising adherence of every citizen to a just balance of equality and social responsibility. They also mention how impressive it is to see the President and high officials mix with the people, chat informally and, of course, without bodyguards.

The integrity of our courts is a guarantee to the foreigner and the Costa Rican in search of justice.

Besides these characteristics of its inhabitants, Costa Rica has a special beauty rare in a small country: 50,900 square kilometres (19,652 sq. miles) or approximately one fifth the size of the United Kingdom. Tropical beaches with luxuriant vegetation, bathed by warm seas (the Caribbean and the Pacific). The Central Plateau at 1,200 metres (3,937 feet) has a springtime climate all the year round: two thirds of the population live there. Picturesque mountains, with invigorating freshness, offer the traveller their meadows, cypress trees and a clear sky free from smog.

Costa Rica, as an eminently agricultural country, has overcome, from the economic aspect, the problems that originated in the 1973-1976 period from inflation and the high prices of petroleum products. This has been acknowledged by international organisations, especially the International Monetary Fund and the World Bank.

At this time, great emphasis is being placed throughout the country on the development of agriculture and industry; we believe that the future of Costa Rica lies in this area: as a first step, we have adopted an aggressive policy to stimulate the export of non-traditional products, principally towards countries of the Caribbean area which offers market potential for Costa Rica.

Our country possesses naturally favourable conditions for agriculture and we should not constrict ourselves to primary products, as we are currently doing, but go further to the stage of the industrialisa-

tion of agricultural products, especially with the existing world crisis in food supplies.

The perfect co-ordination of Governmental fiscal policy and the Central Bank's monetary and credit policies have enabled us to reduce the inflation rate from over 30% in 1974 to a stable level of around 5% at the end of this year. In addition, monetary reserves have risen amazingly to reach the highest level in our history and we predict for 1977 an increase in Gross National Product in real terms of 6.9%.

Our currency grows continually stronger due to the economic scene. The interest rates prevailing on local dollar deposits (higher than the interest rates in international markets), combined with systems that enable the businessman to have guaranteed recuperation of his entire dollar deposit, plus the respective interest payments and the complete freedom of exchange for the withdrawal and entry of capital, make our country an ideal spot to invest. Above all, in Costa Rica, you find a favourable investment climate owing to economic stability, political and social peace and the fact that we are the maximum exponents of human rights in Latin America.

Costa Rica is a small country with big opportunities. The Costa Ricans have great faith in the future of their country for several reasons: the political economy has been well designed and implemented; we are a nation that works hard in an atmosphere of social security; conditions of public health are continually improving; the business sector has taken a firm and exalted place within the Central American Common Market and is constantly seeking new external markets for our products; finally, we follow a path of political justice that orientates the country towards the maintenance of its objectives: peace, liberty, security and productivity.

For all these reasons, it gives me great pleasure to introduce you to this progressive country and invite you to participate with us in our enterprise — Costa Rica.



Lic. Porfirio Movera Batres—Executive President, Central Bank of Costa Rica

CODESA
Costa Rican Development

Founded in 1973, CODESA is a vigorous institution whose main objective is to enrich the economic development of Costa Rica. Several of its major activities consist of feasibility studies, financing, and counselling, mostly designed to establish new enterprises. As a development corporation, CODESA activates progress through means, which duly co-ordinated, resolve problems related to manpower, export promotion, service activities, foreign exchange reserve fund, promotion of new fields of investment and the increase of financial sources for businessmen.

CODESA is currently involved in a variety of projects, including a cement plant, a sugar mill, a sulphur plant, urban transportation, shipping, petroleum exploration, an aluminium continuous-casting plant, railways, mining, tourism, and Central America's first Stock Exchange.

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Why should you invest in Costa Rica?

1. Costa Rica is one of the most stable political, economic and social democracies in Latin America. A good case can be made that in these features it excels many countries of Western Europe, without mentioning the Far East, the Middle East, Africa and the Caribbean.
2. It is the positive policy of the Government and the people of Costa Rica to welcome foreigners and foreign investment. Guarantees to foreigners are written into the Constitution.
3. Because of its high level of public education, managers, supervisors and skilled workers at all levels can be obtained and trained in the shortest possible time. Its 88% literacy rate is one of the highest in the world.
4. Generous tax, duty and export incentives are available to qualified enterprises.
5. There is a protected-market of 18 million people in the Central American Common Market and a privileged position exists for export to the United States of America and the rest of the world for many products.
6. Its temperature, benign climate, culture and education are favourable to executive family living and high rates of production.
7. It will soon have the highest per capita rate of hydroelectric, low cost energy production in the world.
8. There is no military power; security is entrusted to a police force whose numbers are fewer than those of public school teachers.
9. Costa Rica has excellent air and sea connections to the United States and the rest of the world, and is connected by the Inter-American Highway to Central America and Panama. It has outstanding direct dialling or operator telephone service throughout the world, as well as telex and cable service.
10. There are no racial, religious or nationality problems.

If you accept the foregoing ten reasons as being unique, then it is certainly in your interest to investigate the possibility of investing in Costa Rica. A recently published, 70-page INVESTOR'S GUIDE TO COSTA RICA is available at our office for \$US7.00 (including airmail and handling).

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COSTA RICA IV

Growing international role

OVER THE past year, Costa Rica has come of age in international affairs, suddenly being recognised by both the United States and Western Europe as a model nation that is achieving political stability without repression and economic development without blatant injustice. This belated recognition has in turn given Costa Rica a prestige and moral authority abroad quite disproportionate to its size and population. As one of only two functioning democracies in Latin America to-day—Venezuela is the other—Costa Rica is listened to today.

The visit to London two weeks ago by Costa Rica's President Daniel Oduber was therefore not just another visit by an obscure leader of "a distant land about which we know better than he was also taken less seriously. During his earlier presidency in the 1950s, he too to a country that is achieving economic and political support through quiet reform and is pressuring the military regimes of Latin America through its exemplary respect for human rights.

Having long been isolated in a region of entrenched authoritarianism, Costa Rica at last feels vindicated. President Oduber has managed to establish strong links with the Social Democrat governments and parties of Western Europe, making Costa Rica the first Latin American member of the Socialist International and himself becoming one of the organisation's vice-presidents.

Prestige

In contrast, President Oduber, himself a former foreign minister, has been attracted to the role of regional statesman, using the White House as an instrument of foreign policy rather than just a motive for

self-satisfaction. And, most noticeably, Sr. Oduber has received in Washington and placed most significant of all, Costa Rica's 14-year-old campaign to create a United Nations High Commissioner for Human Rights or both the U.S. and Panama has been endorsed by Mr. Carter. The proposal may never, in fact, be approved at the United Nations, but Washington's support nevertheless adds to Costa Rica's moral authority.

Changing circumstances have therefore helped give resonance to the country's foreign policy. But the coherence given to government by President Oduber has also helped to strengthen the management of foreign affairs. Sr. Oduber's mercurial predecessor, Sr. José Figueres, was unquestionably better known internationally, but he was also taken less seriously. During his earlier presidency in the 1950s, he too had formed part of a small group of democratic regional leaders trying to fight dictatorships of Left and Right. But he did so through intrigue and confrontation—he created the mysterious Caribbean Legion of mercenaries to overthrow President Trujillo in the Dominican Republic, Somoza in Nicaragua and Pérez Jiménez in Venezuela—and his conflicts with his neighbours never brought positive results.

On the other hand, during drawn-out negotiations between the U.S. and Panama on a new canal treaty, President Oduber played an important role mobilising regional support for Panama at the same time as tempering some of Panama's

demands and urging the Carter administration to conclude a new treaty. When the final accord was signed in Washington on September 7, both President Carter and General Omar Torrijos, Panama's strongman, paid tribute to Costa Rica's contribution. Sr. Oduber's role is not over, though; he is still closely advising General Torrijos on his tactics to ensure ratification of the new treaty by the U.S. Senate.

Neighbours

Costa Rica's main foreign policy remains its relations with its closest neighbours and fellow-members of the all-inclusive Central American Common Market, Nicaragua, El Salvador, Honduras and Guatemala. Since El Salvador and Honduras went to war in 1969 and Guatemala pulled out of the Common Market one year later, the integration experiment has foundered. Intra-regional trade continues to grow, but little progress has been made in achieving monetary or customs union or in assigning industries to different countries to obtain economies of scale in the tiny 16m. person market. Without a settlement of the dispute between Honduras and El Salvador—Honduras still does not allow Salvadoran goods to pass through its territory to Nicaragua and Costa Rica—the Common Market cannot hope to recover. And, even when restructured, it must face the problem of integrating countries as poor and backward as Honduras and as prosperous as Costa Rica.

**Industrial
development**

AFTER ABOUT 15 years of steady industrial growth, Costa Rica should be happy with its record—or so one would suppose. But there is a growing body of opinion in the Government and outside, pressing for a sharp change of direction, away from the medium-sized factory and towards smaller units, which are more closely linked to the country's agrarian resources.

Costa Rica is typical of many Third World countries which have thrown open their doors to industrial investment and where, despite impressive growth rates, the suitability of some kinds of industry is being contested.

In some respects, Costa Rica's industrial development has been conspicuously successful. Industrial exports, for instance, which in 1960 made up only about 3 per cent of the total, have brought their participation up to around 30 per cent. But although the growth of manufacturing activity has helped considerably to bridge the problems of Costa Rica's balance of payments, it has not altered the country's basic dependence on the farming sector, especially as a source of employment. And although it has produced a new class of entrepreneurs, the way growth has been encouraged has seen to it that many of their undertakings are inefficient.

Skilled

Since 1960, Costa Rican industry has increased its output by 7 or 8 per cent a year. With the ranks of skilled managers and workers growing, the momentum looks like continuing. Investment in new companies in the first half of this year, according to Government figures, was 555m. Colones, almost as much as the 580m. Colones invested in the whole of 1976.

The take-off after 1960 was largely due to the foundation of the Central American Common Market, which 10 years ago scrapped almost all tariffs between its member States. Foreign companies have been allowed in without restrictions. Most have been from the U.S. and most of them engaged in making consumer non-durables. The setting-up of a development agency, Codesa, in 1973, provided a further boost to investment. Codesa financing last year amounted to 1,520m. colones (over £100m.), including 300m. colones in company share capital. Reorganised substantially last year, the agency is now involved in two sugar milk projects and a cement factory.

Manufactured exports increased by 20 per cent last year—mainly textile fibres, pharmaceuticals, plastics, clothing, and paper products and tyres. Costa Rica's small light engineering industry is heavily geared to rural areas, the idea appears

not to have filtered down yet. Costa Rica's financial system controlled by the nationalised banks, is not geared to the small entrepreneur, who usually has to borrow at much greater cost from the privately-run *financieras*.

An improvement in the effectiveness of the industrial sector will depend on stricter mechanisms for selecting new projects and stricter control of company activity. Costa Rica's institution of "bearer share companies" means that it is often impossible even to pin down who is running the show, since share ownership is not registered. The Government made a timid move towards discouraging this institution last year by imposing a 3 per cent tax on companies which constituted their share capital in this way, with maximum tax liability set at 20,000 colones.

Further changes in Codesa finance agency may also be on the way in order to give it greater muscle in promoting new projects. This may mean abandoning the original concept of sharing responsibility for Codesa between public and private interests holding a one-third stake, and putting it instead under full Government control. Codesa is becoming involved, simultaneously, in three large-scale industrial projects, a \$35m. sugar-refining scheme, a \$55m. cement factory, and the revival of a long-cherished plan to produce aluminium.

Bauxite

The aluminium project was originally pegged to the exploitation of bauxite reserves, estimated at 150m. tonnes, one of Costa Rica's two untapped mineral deposits—the other being an as yet unquantified reserve of copper in the Talamanca hills bordering Panama, which Charter Consolidated is interested in mining.

Alcoa, the U.S. aluminium group, took out an option on the bauxite and smelter projects and handed it back to the Costa Rican Government last year. The Government still wants to go ahead with the smelter, even using imported raw materials, but has little option but to let it be developed as a foreign enclave. The plans would involve building a costly hydroelectric dam at Boruca, and Costa Rica is already engaged in constructing one big dam—curiously situated on the lower slopes of the still-active Arenal volcano.

The total cost of the smelter and power plant is unofficially estimated at around \$1.5bn., and if the 250,000 tonne unit goes ahead it could significantly alter the shape of the Costa Rica economy in the 1980s.

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COSTA RICA V

Tourism begins to develop

RE IS an old narrow-gauge railway that runs from San José through the clouds and down to the Caribbean coast. At an average 14 m.p.h. it winds about 15 miles through fertile hills, along thin ledges and in tortuous circles along the side of volcanic mountain ranges, then suddenly into lowlands and along a fringed coastline.

not only to increase foreign exchange takings but also to give economic sustenance to one of Costa Rica's poorest regions. A Mexican company has spent \$175,000 studying a hotel project at Guecama, and the Costa Rican Government is expected to collaborate in a \$200m. investment programme there.

Planned

Club Méditerranée has been planning setting up in an area further down the Pacific coast, and a hotel is planned on the Caribbean at Cahuita, south of Puerto Limón, where the Government has approved a community of American hippies.

from the turn-of-the-century decoration and pictorial frescoes of its National Theatre—shortly to become the focus of a cultural centre.

Costa Rica, partly by virtue of its humble role in colonial times and partly by virtue of volcanic disturbance, has no old towns. It has other assets, but the problem is getting there.

The airline's defences are about to be breached, according to Sr. Lara, ten charter companies have applied to the U.S. civil aviation authorities to run flights between the U.S. and Costa Rica, and Lacsa will presumably have to follow suit.



Farming potential still to be tapped

COSTA RICA claims—and not without good reason—to produce the best coffee in the world. And although it belongs only to the middle rank of producers, with the third largest harvest of Central America and about the ninth or tenth in the world, it possesses nothing more valuable at the moment than the red-budded bushes which fill its central valley.

This year, coffee exports are already more than double that of last year, with sales of \$286.5m. registered up to the middle of September.

Coffee-farming is, more than any other, the typical activity of Costa Rica, which was colonised by small peasant-farmers and where the majority of the 2m. population still live in the rural areas.

coffee plantations were subject during the slack years before the boom has left lasting damage. The increase in earnings has disguised stagnation in the volume of output.

More farmers are now tending to move into coffee and other non-annual crops, such as sugar and pineapples. The coffee plantation area is being extended in the north of the country and, more recently, in the El General valley in the south and in another area close by the Panamanian border.

Trimmed

Banana exports this year are expected to show a small drop in volume from last year, when they were trimmed from 1.1m. tonnes to 1.07m. with revenue marginally higher at \$144.6m. compared with \$141.1m.

But the neglect to which produced there and in the nearby highland region known as the Zona de los Santos.

Vesco the unwelcome

A RICA'S greatest single event in many a year was public opinion at large. And it was early in 1977 that Lee Vesco, the fugitive-finance financier who has seemed the ideal person to help charged with looting his own country.

But while Don Pepe proudly boasted of his relationship with Mr. Vesco, it was never clear to what extent other politicians had also become entangled in the financier's schemes.

1973 extradition request was rejected on the grounds that "attempted fraud" was not an extraditable offence. State Department lawyers now feel that Costa Rican judges would accept "fraud by wire" as cause for extradition.

Extradite

Around the same time, Don Pepe's "Vesco Law" having been revoked, the State Department announced that it had recommended to the Department of Justice that a new attempt be made to extradite Mr. Vesco from Costa Rica to face trial on nine new counts of fraud of \$100m. as well as numerous earlier charges, including that of making an illegal \$200,000 contribution to President Nixon's 1972 re-election campaign.

Costa Rica at a glance

Costa Rica is located in Central America between Nicaragua and Panama, and has a population of 2,017,986 (July 1976). Language: Spanish. However, English is widely used. Principal City: San José, capital of Costa Rica. Currency: The Costa Rican monetary unit is the "Colon". One U.S. dollar is equivalent to 860 colones.



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AMERICANS—Continued

Table of American stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

BUILDING INDUSTRY—Cont.

Table of building industry stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

DRAPERY AND STORES—Cont.

Table of drapery and stores stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

ENGINEERING—Continued

Table of engineering stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

INDUSTRIALS (Miscel.)

Table of industrial stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

BRITISH FUNDS

Table of British funds with columns for Interest, Stock, Price, Loss, Div. Yield, and Conversion Factor.

CANADIANS

Table of Canadian stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

ELECTRICAL AND RADIO

Table of electrical and radio stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

Five to Fifteen Years

Table of stocks with 5 to 15 years of dividends with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

Over Fifteen Years

Table of stocks with over 15 years of dividends with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

Undated

Table of undated stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

INTERNATIONAL BANK

Table of international bank stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

CORPORATION LOANS

Table of corporation loans with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and african loans with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

LOANS (Miscel.)

Table of miscellaneous loans with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

FOREIGN BONDS & RAIS

Table of foreign bonds and rais with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

AMERICANS

Large table of American stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber and roads stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

CINEMAS, THEATRES AND TV

Table of cinema, theatre and TV stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

DRAPERY AND STORES

Table of drapery and stores stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

ENGINEERING MACHINE TOOLS

Table of engineering machine tools stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

FOOD, GROCERIES, ETC.

Table of food, groceries, etc. stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

HIRE PURCHASE, ETC.

Table of hire purchase, etc. stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

HOTELS AND CATERERS

Table of hotels and caterers stocks with columns for Dividends Paid, Stock, Price, Loss, Div. Yield, and Conversion Factor.

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

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MOTORS, AIRCRAFT TRADES

Table listing various industrial stocks including automotive, aircraft, and related sectors with columns for stock name, price, and volume.

PROPERTY—Continued

Table listing real estate and property-related stocks with columns for stock name, price, and volume.

INV. TRUSTS—Continued

Table listing investment trusts and funds with columns for stock name, price, and volume.

FINANCE, LAND—Continued

Table listing financial and land-related stocks with columns for stock name, price, and volume.

MINES—Continued

Table listing mining stocks with columns for stock name, price, and volume.

AUSTRALIAN

Table listing Australian stocks with columns for stock name, price, and volume.

TINS

Table listing tin-related stocks with columns for stock name, price, and volume.

COPPER

Table listing copper-related stocks with columns for stock name, price, and volume.

MISCELLANEOUS

Table listing miscellaneous stocks with columns for stock name, price, and volume.

NOTES

Notes and announcements regarding stock prices, dividends, and company news.

COMPONENTS

Table listing component stocks with columns for stock name, price, and volume.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilding and repair stocks with columns for stock name, price, and volume.

SHOES AND LEATHER

Table listing shoe and leather stocks with columns for stock name, price, and volume.

OILS

Table listing oil stocks with columns for stock name, price, and volume.

OVERSEAS TRADERS

Table listing overseas trading stocks with columns for stock name, price, and volume.

RUBBERS AND SISALS

Table listing rubber and sisal stocks with columns for stock name, price, and volume.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing stocks with columns for stock name, price, and volume.

SOUTH AFRICANS

Table listing South African stocks with columns for stock name, price, and volume.

TEXTILES

Table listing textile stocks with columns for stock name, price, and volume.

TEAS

Table listing tea stocks with columns for stock name, price, and volume.

India and Bangladesh

Table listing stocks from India and Bangladesh with columns for stock name, price, and volume.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising stocks with columns for stock name, price, and volume.

PROPERTY

Table listing property stocks with columns for stock name, price, and volume.

TOBACCO

Table listing tobacco stocks with columns for stock name, price, and volume.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land stocks with columns for stock name, price, and volume.

MINES

Table listing mining stocks with columns for stock name, price, and volume.

INSURANCE

Table listing insurance stocks with columns for stock name, price, and volume.

PROPERTY

Table listing property stocks with columns for stock name, price, and volume.

FINANCE, LAND

Table listing finance and land stocks with columns for stock name, price, and volume.

FINANCE

Table listing finance stocks with columns for stock name, price, and volume.

REGIONAL MARKETS

Table listing regional market data with columns for region, stock name, price, and volume.

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